Daily Report

Latin America

FBIS-LAT-93-034
Tuesday
23 February 1993

Daily Report
Latin America

FBIS-LAT-93-034 *23 February 1993*

CONTENTS

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

INTER-AMERICAN AFFAIRS

Cristiani Opens San Jose 'Process' Meeting *[San Salvador Radio]* 1
Commission To Prepare Regional Drug Control Program *[BARRICADA 21 Feb]* 2

CARIBBEAN

Cuba

Castro Letter Urges United Vote *[Havana Radio]* 3
'Major Differences' Between Dissident Groups Noted *[NOTIMEX]* 3
New Television Station To Begin Broadcasts 15 Mar *[Havana Radio]* 4
Iranian Foreign Minister Arrives for Talks 20 Feb *[Tehran IRNA]* 4
Meets With Castro *[Tehran Radio]* 4
Comments on 'Good Relations' *[Havana Radio]* 4

MEXICO

Iranian Foreign Minister Arrives 18 Feb *[Tehran Radio]* 5
Discusses Relations With Salinas *[Tehran IRNA]* 5
Addresses Mexican Parliament *[Tehran IRNA]* 5
Signs Accord Before Departing *[Tehran Radio]* 5
Ecuadoran President Arrives, Meets Salinas *[Mexico City TV]* 6
Discusses Fuel Tax, Investments *[Mexico City TV]* 6
Cooperation Stressed in Meeting With Canada *[Mexico City TV]* 6
Foreign Secretary Meets with Belgian Counterpart *[NOTIMEX]* 7

CENTRAL AMERICA

El Salvador

FMLN's Villalobos Discusses Elections *[BARRICADA 22 Feb]* 8

Guatemala

* Serrano's First 2 Years Reviewed *[CRONICA 8 Jan]* 10
* URNG Claims 53 Killed, Wounded in Fighting *[PRENSA LIBRE 18 Dec]* 12
* Federico Linares, Others Cited on Economy *[SIGLO VEINTIUNO 21 Dec]* 12
* Indians Pay Inflated Prices for Land *[CRONICA 18 Dec]* 15
* Five Million Lack Adequate Housing *[SIGLO VEINTIUNO 21 Dec]* 16
* UASP Sustains Opposition to Economic Policy *[SIGLO VEINTIUNO 8 Dec]* 17
* Monetary Board Decision 'Hurts Agriculture' *[SIGLO VEINTIUNO 1 Dec]* 17
* Serrano Strives To Attract Taiwan Investors *[PRENSA LIBRE 18 Dec]* 17
* Japan Donates $7.5 Million for Hydroelectric Repairs *[PRENSA LIBRE 9 Dec]* 18
* Jan to Nov Exports Up 18 Percent *[PRENSA LIBRE 12 Dec]* 18
* BG To Seek Further Debt Rescheduling *[SIGLO VEINTIUNO 1 Dec]* 18

Nicaragua

Court Orders Presidency To Explain Assembly Takeover *[Managua Radio]* 19
UNO Demonstration Protests Government 20-21 Feb *[Managua Radio]* 19
Commission Aimed at Rapprochement With Rearmed Groups *[Managua Radio]* 19

EPS' H. Ortega Blames Cesar, Godoy for Violence *[Managua Radio]* 20
Minister Says Government Not To Print More Money *[Managua Radio]* 20
Government Minister Mendieta Attends Drug Summit *[Managua Radio]* 20

SOUTH AMERICA

Argentina

Menem Praises Achievements of Chile's Pinochet *[NOTICIAS ARGENTINAS]* 21
Voices Support for Defense Minister *[LA PRENSA 21 Feb]* 21
Russian Trawler 'Heading for Bahia Blanca Port' *[NOTICIAS ARGENTINAS]* 21

Brazil

Portuguese Ship Seized While Illegally Fishing *[Brasilia Radio]* 21
Drug Trafficking Rise Blamed on Police Crisis *[Madrid EFE]* 22
Interview With INCRA Chairman Osvaldo Russo *[O ESTADO DE SAO PAULO 21 Feb]* 22

Chile

German Defense Minister on Military Agreement *[Santiago TV]* 23
Concludes Visit *[Hamburg DPA]* 23

Paraguay

Executive Branch Wants To Delay Registration *[ULTIMA HORA 22 Feb]* 23
Commentary Analyzes Implications of Lemas Law *[ULTIMA HORA 19 Feb]* 24
Colorado Leader on Disadvantage of Lemas *[NOTICIAS 21 Feb]* 25
Article Notes Consequences if Transition Fails *[HOY 21 Feb]* 25
Editorial Criticizes Press in Current Situation *[PATRIA 22 Feb]* 26
Deputy Opposes Accord on Dictatorship Archives *[Asuncion TV]* 26
Colorado Delegate Reports Abduction Attempt *[ABC COLOR 21 Feb]* 27

Peru

De La Puente Acknowledges Human Rights *[Lima Radio]* 27
Article Views 'Irreplaceable Culture' of Coca *[EXPRESO 7 Feb]* 27
Coca Production, Growers Income *[EXPRESO 8 Feb]* 28
Growers' Costs, Profits *[EXPRESO 9 Feb]* 29
Need To Review Drug Policy *[EXPRESO 10 Feb]* 29
Hints at Nuclear Development Talks With Chile *[EL COMERCIO 8 Feb]* 30
Privatization of National Railway Announced *[EXPRESO 8 Feb]* 30

Cristiani Opens San Jose 'Process' Meeting

PA2302024493 San Salvador Radio Cadena YSKL in Spanish 1629 GMT 22 Feb 93

[Statement by Salvadoran President Alfredo Cristiani at the inauguration of the ninth San Jose Process meeting at the Hotel Presidente in San Salvador—live]

[Text] [Cristiani] [Words indistinct] Government, Honorable Representatives of international organizations, Ladies and Gentlemen:

In the name of the Salvadoran Government and its people, we are very pleased to express our very warm welcome to the ministers and honorable delegations present at this ninth ministers meeting. The European Community [EC] member nations, the Central American nations, and Mexico, Venezuela, and Colombia as associates are also participating in this meeting.

Relations between Europe and Central America have broad, deep roots that go back in time. At the same time, these relations have been growing and stabilizing in a much more [words indistinct] manner. We must acknowledge that this phenomenon gained momentum within the framework of the pressing Central American crisis of the 1980's. That was very true at a time when the risk of a regional war woke the Central American consciousness as well as that of the international community. Something permanent and reliable had to be done to halt the rising violence, open the road to permanent peace, and make feasible the interregional and extraregional mechanisms to provide security and thereby stabilize the region. Eight and one-half years after the first San Jose Process meeting in December 1984, much troubled water has passed under the bridges of our fragile and threatened regional institutionality. But from then on it has also been rewarding and encouraging to acknowledge that we are at a very different moment in time in which we can see much clearer the [word indistinct] democratic as the solution to the future.

If in the mid-1980's the Salvadoran conflict appeared to be the most complex Gordian knot in the region, we can now state with legitimate satisfaction that our stabilizing peace process is healthy and progressing. [nine-second break in reception] we are therefore at an outstanding moment to progress in strengthening relations between the EC and Central America. This is part of a very complex process that [words indistinct] within the outstanding advances in the region, as well as in the communication and cooperation between our two regions. In Central America, the cycle that has progressed from the first San Jose Process meeting to the current ninth meeting has moved in parallel with the enormous effort of regional [word indistinct] that was initiated with Esquipulas in 1986 and has concluded, for now, with the implementation of the Central American Integration System as of 1 February. We are very pleased and filled with hope as our own national and regional evolution coincides with the development of our relations with the EC. This is a great, historic sign that must be developed to its utmost potential.

This San Salvador meeting is decisive insofar as it is the right time to sign a new cooperation agreement with the third generation that will allow us to enrich substantially cooperation in all fields of common interest, including the social, economic, financial, scientific, technological, and commercial. These agreements will broaden and extend the overall scope of relations already in force. Almost one decade ago we began to work together to encourage a relationship and help overcome the causes and expressions of the Central American political and socioeconomic crises. Such things would allow us to enter into more mature relationships [word indistinct] to the pressing need to modernize our societies. We are at the right moment to demonstrate that the maturity of our aspirations and goals can become an irreversible phenomenon. This will bring us closer to the new world order that first [word indistinct] are already on the table.

Political conditions in the region make it feasible and desirable for us to renew efforts to attain the international cooperation we greatly require to strengthen our best existent resource: democracy. In that sense, the signing of a cooperation agreement between the EC and Central America at the San Salvador meeting does not only represent a new phase of stronger and improved relations, but it also establishes a very important mechanism that will allow us to activate efforts and make quantitative and qualitative strides in economic and social matters.

El Salvador has a special interest in promoting social and economic development because it has entered a new phase in its history. We must work with added responsibility and courage to strengthen and consolidate our current attainments in the fields of peace, democratization, and national reconciliation.

The war officially ended on 15 December 1992. That action was an enlightening example of maturity and provided evidence of our political will to advance toward the consolidation of peace. Although we have taken such an important step, we still have a long way to go until we can be completely satisfied.

At present, we are committed to implementing the national reconstruction plan's various programs, strengthening our democratic and public security institutions, improving our judicial system, and incorporating demobilized people into the country's civilian and productive life. We think we have started down the path toward stable peace, and one of the most difficult and challenging stages is at hand. Yet the country is capable and experienced enough to overcome all difficulties. We must reach our priority objectives of reducing the extreme poverty level and achieving economic stability in order to attain peace in democracy and with a balanced development, not only in El Salvador but throughout Central America.

The most recent Central American presidential summits were oriented in that direction and based on various actions to stimulate Central American integration, a priority economic and political challenge for our nations. The recent enactment of the Tegucigalpa Protocol, which creates the Central American Integration System, is evidence that the Central American countries are taking specific steps toward genuine and realistic regional integration.

We believe the political dialogue and economic cooperation between the EC and Central America must be aimed mainly at stimulating integration and economic and social development as additional contributions to strengthening peace and security in Central America and abroad. Nothing of what lies ahead is simple or easy. This is a time of great challenges. Europeans and Central Americans know it, as do Colombians, Mexicans, and Venezuelans. But there is also no doubt that this is a time of hope. In Central America, the crisis itself has prompted us to react properly and look forward.

We need considerable support and investment to keep marching toward effective and joint progress, but the primary investment has already been made. Our people have invested their suffering and sacrifices. They have paid the price to come within reach of democracy, which is now Central America's main asset. El Salvador has made a substantial contribution to that effort. Much remains to be done. The agenda for our relations is full of issues, some more troublesome than others. Nevertheless, we are among friends and allies. There can no longer be alliances as there were during the world polarization, which is fortunately over. Now we only work for the good of our respective countries and peoples.

Friends of Europe, Latin America, and Central America; time is on our side, but time moves so fast these days that one must run to catch up with it. Let us work to move ahead in pace with the changing times.

El Salvador welcomes you all. Peace in El Salvador is our best greeting. May God shed light on your work and on each and every one of you. Thanks.

Commission To Prepare Regional Drug Control Program

PA2202220193 Managua BARRICADA in Spanish 21 Feb 93 pp 1, 10

[Report by special correspondent Maria Alicia Talavera]

[Text] Belize—The Permanent Central American Commission for the Eradication of the Production, Trafficking, Consumption, and Illegal Use of Drugs [Comision Centroamericana Permanente para la Erradicacion de la Produccion, el Trafico, el Consumo, y Uso Ilicito de Drogas y Sustancias Sicotropicas], CCP, that was established in Belize will prepare a regional program for the control of drugs.

The political resolve of the Central Americans to fight drug trafficking was expressed in the Declaration of Belize that was signed at the conclusion of the First Central American Drug Summit.

The Central Americans agreed to adopt measures that will strengthen their judicial institutions and cooperation "in order to make sure that those responsible for drug trafficking and related crimes are apprehended."

Honduran Foreign Minister Mario Carias Zapata mentioned the need for cooperation among the Armed Forces of the region in order to fight drug trafficking.

Meanwhile, Nicaraguan President Violeta Barrios de Chamorro reported on the draft drug law that will be presented soon to the National Assembly. Nicaragua prepared the draft of the CCP and is the executive secretary of the same.

Belize was chosen as the site for the summit because it is very similar to the Nicaraguan coastline (only that it has more visible signs of progress), which makes it a "paradise" for drugs. The Reina Charlotte neighborhood is the best example of the high consumption of cocaine in Belize.

Many Belizeans consider that the 19 February rain that fell on this commercial capital of the country is an expression of joy. The absences of Guatemalan President Jorge Serrano Elias and of Costa Rican President Rafael Angel Calderon Fournier did not hinder the signing of the final document.

The history of the Guatemala-Belize conflict—that has already been solved—made the media speculate why Guatemalan Government Minister Francisco Perdomo Sandoval (representing the president) had not signed the declaration. "The fact I am here means we support the effort," Perdomo commented.

He added that Guatemala seizes $1 million worth of drugs every day, and this is one reason for supporting the regional effort.

German Serrano Pinto, first vice president of Costa Rica, also emphasized support for the effort.

Honduran President Rafael Leonardo Callejas referred to the need for a "greater joint effort to eradicate drugs."

For many Belizeans, cocaine has replaced marijuana, although a pound (of good quality) can be purchased for $150 (300 Belizean dollars). [sentence as published]

Salvadoran President Alfredo Cristiani Buckward confirmed that there was military involvement in the trafficking of 661 kg of cocaine worth $10 million. He added that "we are going to apply the law, regardless of the group involved."

Cuba

Castro Letter Urges United Vote

FL2302023993 Havana Radio Rebelde Network in Spanish 0000 GMT 23 Feb 93

[Text] On 21 February, the fraternal JUVENTUD REBELDE newspaper published a letter by Commander in Chief Fidel Castro to our people that we now read to you with pleasure:

The united vote is not a slogan but a revolutionary strategy. It is not an act of discipline but an act of awareness. It should be done not because it is being requested on behalf of the fatherland but because it is deeply understood that the fatherland needs it. This is what will make possible the election of many of our most modest and humble candidates, the ones not as well-known despite their merits.

To obtain more than half the valid votes, an extremely high and difficult requirement, is nothing more or less than what they need and expect from you. We need a forceful and resounding victory that will show our strength and unity to the enemy at a time when it wants to divide, weaken, and demoralize us.

Our elections, under new, creative, and democratic methods as have never been used in the world, are part of the great struggle of the special period that our people are heroically waging today and of the fight for the survival of the values that we love the most. Confronted with the most powerful empire in the world and history, we are writing the most courageous and glorious page of history ever written by any nation.

Our primary weapons are ideas. No ideas will ever be more just and dignified than the ones we defend. The fatherland, revolution, and socialism are things too sacred to play with, attack, or stab in the back with the traitorous dagger with which imperialism wants to kill our hopes and destroy our work. Our social accomplishments will not be destroyed nor will our heroic dead be exhumed from their tombs. The example and hope that Cuba represents to the world today cannot be forsaken. Our only alternative is victory. We will fulfill it. We will win.

'Major Differences' Between Dissident Groups Noted

PA2302043893 Mexico City NOTIMEX in Spanish 2318 GMT 22 Feb 93

[Text] Havana, 22 Feb (NOTIMEX)—Three decades after the triumph of the revolution, 60 small groups that oppose the Cuban Government and have major differences among themselves make up the dissident movement, which has been sidelined in the legislative assembly elections scheduled for 24 February.

About 17 years ago these groups were fewer in number, but they held similar views. Now, many groups exist with an unimaginable variety of names but with major differences that distance them from their common objective: toppling the government of President Fidel Castro.

Groups opposing Castro emerge every day in the country but disappear just as easily because they regard each other as rivals.

Their lack of plans and the "U.S. visa syndrome" contributes to their disappearance. Many of them perish at the hands of the Cuban political police, accused of being "counterrevolutionaries," or are infiltrated by state security. At present, 60 dissident organizations are spread all over Cuba. They focus their activities on denouncing alleged human rights violations, mainly of so-called political prisoners.

Diplomats stationed in Havana recognize that some of those dissident groups have gained strength but agree that they do not represent a political alternative in the country. Vladimiro Roca, a leader of the moderate Democratic Socialist Current [CSD], told NOTIMEX certain opposition groups in Cuba are so small that they barely consist of their leaders." [no beginning quotation mark as received]

Roca said the map of the internal dissident movement in Cuba is always changing, "with groups that last a few days only because they are not ideologically sound."

Orlando Pratts, another CSD leader, said the groups within the dissident movement are polarized because of internal divisions and alleged repression by the Cuban Government.

"These groups are so polarized that we (those struggling for a dialogue with Castro) instead of being a factor of equilibrium are a danger," Pratts added.

Elizardo Sanchez, president of the Commission for Human Rights and National Reconciliation, said the Cuban dissident movement was founded in 1976 with five people but it floundered over personal, political, and ideological differences.

The Cuban-American National Foundation (FNCA) was founded in Miami five years later, representing the most conservative sectors of Cuban exiles in the United States.

That group, led by businessman Jorge Lincoln Mas Canosa, a man born in Santiago de Cuba in 1939, was created in the image of the U.S. "lobbies."

Since its beginning, the FNCA has received funds from the U.S. Government through the National Endowment for Democracy (NED).

An untold number of dissident organizations have emerged in the wake of the collapse of the socialist countries and the disappearance of the Soviet Union.

"Alternative Criteria," the "Human Rights Party," [Partido Pro Derechos Humanos], the "Christian Liberation

Movement," Fatherland Radical Union," [Union Radical Patria], "Association of Friends of Perestroyka," [Asociacion de Amigos de la Perestroika], and "Golden Age Marti Association" [Asociacion Martiana Edad de Oro] are some of the dissident groups. In 1990, the FNCA helped organize the Cuban Democratic Coalition, a rightist group that the government infiltrated last year. One year later, the Cuban Democratic Convergence [CDC] emerged, which was backed abroad by more moderate exiled organizations. The Cuban Government jailed most of the CDC leaders and poet Maria Elena Cruz Varela in December 1991. The Cuban Democratic Coalition has been drifting ever since it was reported that Hector Castaneda, its president, was a state security agent.

Many of the moderate internal dissent organizations registered in the CSD, headed by Sanchez and Roca. The group seeks to direct most of the opinions in ideological and political terms.

The CSD has also rejected the 24 February general elections because it feels they are organized by a single party.

After 34 years of the triumph of the revolution, squabbles, differences, and divisions splintered the dissident movement, which has vanished owing to the arrest of at least 50 opposition leaders.

The new electoral law approved by the Cuban Assembly last October precluded the participation of dissident groups in the current electoral process scheduled for 24 February.

New Television Station To Begin Broadcasts 15 Mar

FL2202203093 Havana Radio Rebelde Network in Spanish 1800 GMT 22 Feb 93

[Text] On 15 March, "Serrana Television" will be officially inaugurated. In its first stage, it will broadcast to the televisions of the mountainous area of Granma. The broadcasting facilities are located in San Pablo de Yao in the Sierra Maestra and are the result of a joint project between UNESCO, the Cuban Institute of Radio and Television [ICRT], and the government of Granma Province.

Iranian Foreign Minister Arrives for Talks 20 Feb

LD2102075793 Tehran IRNA in English 0724 GMT 21 Feb 93

[Text] Tehran, Feb. 21, IRNA—Iran's Foreign Minister 'Ali Akbar Velayati arrived in Havana, Cuba, from Mexico City on the last leg of his tour to three Latin American countries Saturday night [20 February]. He was welcomed at Havana Airport by his Cuban counterpart Ricardo Alarcon de Quesada, it was reported here Sunday.

Upon arrival, Velayati and Alarcon held their first round of talks and discussed Tehran-Havana cooperation in fields of trade, industries, agriculture, medicine and purchase of sugar and oil.

The Cuban minister briefed Velayati on the political and economic situation of his country and expressed pleasure over Tehran's cooperation and friendship with Havana in international scenes.

Velayati stressed the need to upgrade bilateral ties and welcomed expansion of Tehran-Havana friendly relations.

Prior to Mexico, Velayati had visited Brazil.

Meets With Castro

NC2202072493 Tehran Voice of the Islamic Republic of Iran First Program Network in Persian 0430 GMT 22 Feb 93

[Text] Iranian Foreign Minister Velayati and Cuban President Fidel Castro met in Havana last night and discussed bilateral relations, important international and regional issues, and the anti-Zionist resistance by the people of occupied Palestine.

Dr. Velayati and President Castro also stressed the need to strengthen and broaden bilateral relations.

Comments on 'Good Relations'

FL2202231593 Havana Radio Rebelde Network in Spanish 1800 GMT 22 Feb 93

[Text] During an official visit by Foreign Minister 'Ali Akbar Velayati of the Islamic Republic of Iran, Iran and Cuba reiterated their desire to increase cooperation, especially in sugar and oil exchanges. Regarding this visit the Iranian minister said:

[Begin Velayati recording in Persian with passage-by-passage translation into Spanish] We are making an official visit to Cuba. We received an important invitation from the Cuban foreign minister to visit for two days. We have good relations now. We do not have any problems with our relations with Cuba. On the contrary, together with the good political relations, we have also begun good relations in other fields, such as economic and trade relations. Our political relations have always been good. [end recording]

'Ali Akbar Velayati, during his two-day visit, gave Commander in Chief Fidel Castro a message from President Hashemi-Rafsanjani on relations of friendship between Iran and Cuba and their mutual desire for cooperation. He also announced that a high-level Cuban delegation will travel to Iran in March to discuss cooperation in the sugar and health sectors. Later, the fourth session of the Cuban-Iranian Joint Commission will meet in Havana in April.

Iranian Foreign Minister Arrives 18 Feb

NC1902071493 Tehran Voice of the Islamic Republic of Iran First Program Network in Persian 0430 GMT 19 Feb 93

[Text] Iranian Foreign Minister Dr. Velayati arrived in Mexico last night and held talks on international issues and the broadening ties between the two countries with Mexican President Carlos Salinas de Gortari. During the meeting the Mexican president referred to Mexico's strategic location in Central America and Iran's similar position in the Persian Gulf and said: Ties with Iran are important to us.

Dr. Velayati proposed that current ties be developed further. He described the gradual trend toward broadening mutual relations since the inauguration of the two countries' embassies in Tehran and Mexico City as satisfactory.

Dr. Velayati also met his Mexican counterpart last night and discussed bilateral relations. During this round of talks, the committees comprised of industrial, commercial, and cultural experts began their meetings.

Discusses Relations With Salinas

LD1902163893 Tehran IRNA in English 1552 GMT 19 Feb 93

[Text] Tehran, Feb. 19, IRNA—Mexican President Carlos Salinas de Gortari accepted an invitation by President Akbar Hashemi-Rafsanjani that was handed to him by visiting Foreign Minister 'Ali Akbar Velayati in Mexico City Thursday.

Velayati and Gortari discussed Iran-Mexico relations and the Persian Gulf situation. The Mexican president said that his country's relations with Iran are important and that meetings between the officials of the two countries offer opportunities for exchanging viewpoints on various issues of joint interest.

The Iranian foreign minister is visiting Mexico City in response to a visit to Tehran by the Mexican Foreign Minister Fernando Solana Morales last year.

Velayati and Morales on Thursday held the second round of their talks in Mexico City at which the Mexican official briefed the Iranian foreign minister on the situation in Latin America and the role of his country in that part of the world.

In response the Iranian minister explained the Islamic Republic's viewpoints and its position on the various issues pertaining to regional peace and international stability.

Addresses Mexican Parliament

LD2002112293 Tehran IRNA in English 1016 GMT 20 Feb 93

[Text] Tehran, Feb., 20, IRNA—Foreign Minister 'Ali Akbar Velayati says efforts made by certain countries to use the so-called 'new world order' to dominate the world would reach nowhere.

Speaking at the Mexican parliament on Friday, Velayati, who arrived in Mexico City on a two-day visit Thursday, referred to the occupation of other countries under the pretext of the new world order, as a "new domination" of the north over the south and a source of disorder and instability in international relations.

He said poverty and tension existed in different parts of the world, but the western interventionist countries interfered in the Persian Gulf and Somalia under the pretext of removing tension from the former and poverty from the latter. This, he said, was happening while over one billion people were facing poverty throughout the world.

He termed as "convulsive" the big powers' interference in Iraq with no regard to the nation's religious beliefs, culture and civilization, as well as the west's support for the Zionist regime despite its open disrespect for the rights of the Palestinian nation and the U.N. Security Council resolution urging it to return the deported Palestinians to their homeland.

A Mexican member of parliament said the people in Mexico opposed the U.S. intervention in the Persian Gulf and said Washington had not come to the Persian Gulf to restore peace and securtiy but aimed at establishing a base in the region to control the oil-rich regions.

The Mexican parliamentarians expressed a willingness to exchange visits with the parliamentary groups in Iran to further promote bilateral cooperation and friendship among the two nations.

Details of the meeting were provided to IRNA by the Foreign Ministry's Public Relations Department here.

Signs Accord Before Departing

LD2002224093 Tehran Voice of the Islamic Republic of Iran First Program Network in Persian 2030 GMT 20 Feb 93

[Text] The foreign ministers of the Islamic Republic of Iran and Mexico have signed a joint accord indicating their agreement regarding the expansion and consolidation of the two countries' ties in various fields. According to the Central News Unit, the accord, which was signed in Mexico City, stresses the importance of expanding cooperation in the fields of politics, economics, technology, industries, energy, and cultural-academic affairs. Foreign Minister Velayati left Mexico for Cuba on the afternoon of 20 February.

Ecuadoran President Arrives, Meets Salinas

PA1902152393 Mexico City XHTV Television Network in Spanish 0200 GMT 19 Feb 93

[Text] Ecuadoran President Sixto Duran-Ballen arrived in Mexico City on 18 February for a three-day official visit. President Carlos Salinas de Gortari welcomed him at the National Palace.

Mexican President Carlos Salinas de Gortari and Ecuadoran President Sixto Duran-Ballen called on Latin American countries to strengthen their relations.

Both presidents spoke at the welcoming ceremony arranged by President Salinas de Gortari for the Ecuadoran president at the National Palace.

[Begin Salinas recording, in progress] ... it is essential to promote effective international cooperation and more integration in Latin America.

We who shared so much in the past now seek to join forces to allow ourselves to strengthen our cultures and confront the challenge of world competition. [end recording]

Here is what Ecuadoran President Sixto Duran-Ballen said:

[Begin Duran-Ballen recording] At the current moment, which is certainly crucial for Latin Americans, it becomes essential for us to recover the real meanings of unity and solidarity in all their universality. [end recording]

Both presidents said Latin Americans will progress only through cooperation and that independence will only be found through unity.

The presidents were accompanied by their wives, Mrs. Cecilia Occelli de Salinas de Gortari and Mrs. Josefina Villalobos de Duran- Ballen, and by members of their respective governments.

The two presidents listened to their national anthems and reviewed the honor guard at the National Palace's central terrace. They then made introductions among their delegations.

At the end of the protocol ceremony the two presidents greeted children from various schools, including the Republic of Ecuador School.

The delegations later went to the Presidential Office at the National Palace to hold their first official conversations.

The Ecuadoran president will remain in Mexico until 20 February.

Discusses Fuel Tax, Investments

PA2002161993 Mexico City XHTV Television Network in Spanish 0200 GMT 20 Feb 93

[Text] Ecuadoran President Sixto Duran-Ballen, who is on an official visit to Mexico, met on 19 February with Mexican businessmen. President Duran-Ballen stated that the fuel tax announced by President Clinton will affect Latin American oil exports.

[Begin Duran-Ballen recording] We will have to study the issue. I believe the fuel tax will have an effect if it is applied to oil revenues coming from other parts of the world. We understand this could result in a discriminatory process. [end recording]

After the Ecuadoran president met with members of the Mexican Entrepreneurs' Council for International Affairs, he announced that oil represents the greatest source of foreign currency for Ecuador. He added that Ecuador wants to join the Group of 3, which includes Mexico, Colombia, and Venezuela.

[Begin Duran-Ballen recording] We hope this request will be accepted by the two other members, as well as by the Mexican Government. [end recording]

President Duran-Ballen invited the Mexican entrepreneurs to invest in Ecuador in the tourism and electricity fields. He also announced that the Ecuadoran trade offices in Mexico will reopen.

Cooperation Stressed in Meeting With Canada

PA1802214993 Mexico City Canal 13 Television Network in Spanish 1300 GMT 16 Feb 93

[Text] The Mexican-Canadian binational meeting was held in Ottawa on 15 February. Mexican secretaries from eight states and their Canadian counterparts participated in the meeting. An agreement of understanding and an agreement on education and mining were signed. In addition, they exchanged information on the bilateral committee on education and culture. The two countries expressed their willingness to improve bilateral cooperation.

Here is a report by Ignacio Basauri, a NOTIMEX correspondent, from Ottawa:

[Begin Basauri recording] Prime Minister Brian Mulroney announced at Parliament that his government will proceed to ratify the trade agreement without waiting for results of the negotiations for collateral agreements. He recalled his meeting with President Clinton, at which the U.S. President said the North American Free Trade Agreement is valid on its own.

According to Canadian Government sources, the Conservative Party will introduce an amendment to the treaty at Parliament to ratify the agreement with Mexico and the United States. This will be done in the first week of March. [end recording]

Foreign Secretary Meets with Belgian Counterpart

PA2102024993 Mexico City NOTIMEX in Spanish 0124 GMT 20 Feb 93

[Text] Mexico City, 20 Feb (NOTIMEX)—Mexican Foreign Relations Secretary Fernando Solana held a working meeting with Belgian Foreign Affairs Minister Willy Claes at the Foreign Secretariat on 19 February.

A Foreign Relations Secretariat communique stated they reviewed the bilateral agenda and stressed that relations between the two countries have improved in recent years, noting that bilateral trade and political ties have been strengthened.

Solana briefed his Belgian counterpart on the conclusion of the North America Free Trade Agreement [NAFTA] negotiations and on how this document will strengthen Mexico's role as a commercial partner and as an attractive destination for foreign investment.

They also exchanged views on Mexico's relations with the EC and how Belgium can act as a bridge to the EC.

During his visit, Minister Claes met with Emilio Lozoya, energy, mines and parastate industry secretary, to whom he expressed Belgium's interest in carrying out various mining and electric power projects.

Claes also held talks with Commerce Under Secretary Pedro Noyola, with whom he discussed such topics as the NAFTA, GATT, and the EC's trade relations with Mexico and Central America.

As part of his activities, the Belgian minister met with the general commissioner of the Mexican committee for the next "Europalia 93" festival, which is totally focused on the promotion of Mexico's cultural and artistic values. Mexico is the second non-European country to be the focus of this festival.

The Belgian official opened the offices of the Mexican-Belgian-Luxembourg Chamber of Commerce.

El Salvador

FMLN's Villalobos Discusses Elections

P42302135793 Managua BARRICADA in Spanish 22 Feb 93 p 9

["Exclusive" interview with Farabundo Marti National Liberation Front, FMLN, leader Joaquin Villalobos by Roberto Fonseca in Managua; date not given]

[Text] [Fonseca] I suppose the Farabundo Marti National Liberation Front has seen the Sandinist National Liberation Front's [FSLN] experiences during the 1990 campaign. What lessons have you learned from it?

[Villalobos] We learned one lesson, I would say the most important of all. We learned that the fact that one has the strongest organization, the most charismatic candidates, does not mean that one has majority support. That was a very important lesson for us, and we have not forgotten when the Sandinist Front gathered more than 500,000 people in the plaza and showed unprecedented vitality and strength. Despite all of that, it lost the elections. Even though the previously stated fact gave the FSLN enormous political clout in this society, it did not earn the right to govern.

In El Salvador, the FMLN is slowly being taken into account in everything. The situation is similar. Nevertheless, when we go to the elections and when we think of votes, we do not believe that because we have lots of charismatic candidates and a vast political machine that we can count on support from all voters. Maybe they will decide to abstain or not join. They are the ones who decide who is going to govern the country.

[Fonseca] Is the FMLN afraid of entering the election race, afraid of testing its strength?

[Villalobos] No, not really. Why should we be afraid? Experiences in El Salvador are surreal. For example, not long ago I and an Education Ministry official inaugurated an FMLN photographic exposition at the National Exposition Hall. As the hall is located near the Army Military Hospital, there were active FMLN members and Army soldiers totally at ease watching the exposition.

That sort of situation takes place in El Salvador almost every day. There is a level of depolarization that impresses everyone, but it is explained in the balanced way the process ended. We have not had a continuation of the dirty war. Instead of deaths we have experienced an increase in criminal activity, which is a logical consequence of the postwar period. At any rate, there is a genuine climate of reconciliation, but there is also apprehension that it could be ruined at any moment.

[Fonseca] Do you perceive Nicaragua as polarized?

[Villalobos] It is much more polarized than El Salvador in every aspect, even the cultural aspect. I sense that people here are divided in which restaurants they go to, which radio stations they listen to, and which newspapers they read. There is more division and less desire for reconciliation.

[Fonseca] Do you see yourself as a possible candidate?

[Villalobos] No, not in any way. I do not believe that is a commitment I should take on within the FMLN.

[Fonseca] How about Jorge Shafik Handal?

[Villalobos] You would have to ask him about that. I do not know what he thinks. When I speak of my case, I speak of my case within the FMLN. In other words, I believe the FMLN's role is still that of a guarantor to ensure that this process of change is consolidated.

For example, we have said that the large land estate system is ceasing to exist in El Salvador. There are still remnants left in the western part of the country, but the need to consolidate that economic power is a fundamental element of the FMLN. It is as important as going to the elections, having some share of power, or obtaining frequencies for our radio station.

[Fonseca] Are right-wing groups drowning you economically as far as advertising is concerned?

[Villalobos] It is too soon to answer that question. Let us say it is something we will see within the framework of a national reconciliation, although there have been positive signs. I will give you examples:

Important steps were taken concerning Radio Venceremos, the most belligerent station during the war. First, it is no longer the official FMLN station, meaning it is an independent station owned by a group of leading journalists who defend freedom of expression.

The station is no longer controlled by an organization because we think it would be a disaster for an organization to control the station. The station cannot be politically controlled and it cannot be financially dependent on the party.

We are in fifth place among the 20 radio stations broadcasting news in El Salvador. The monster newscasts of El Salvador are above us. We are in 18th place among all the stations in the country.

[Fonseca] Will the FMLN publish a newspaper before the elections?

[Villalobos] We are working hard on that. The leftist opposition has a small newspaper, DIARIO LATINO. The newspaper is handled by workers, but its circulation is small. We have to think big and we would not apply the same concept in any case. They would not be FMLN media. They would be communication enterprises formed to participate in the battle to consolidate freedom of expression.

[Fonseca] This is an election year for the FMLN because general elections are scheduled for March 1994. What

are the FMLN's prospects in electoral terms? Are you working on candidacies, programs, or election strategies?

[Villalobos] This is a very complicated matter for El Salvador. Perhaps the most desirable thing would be for the elections not to be held so soon, especially in this transition period when the peace agreements are being implemented. We would be running the risk of polarizing the country and that would be serious.

We in the FMLN still do not have a concrete position on who the candidates will be and how we will participate in the elections. My personal opinion is that a national agreement should be reached before elections are held so the winner will continue with the transition stage and the peace process will be maintained.

We need a government that can work for consensus. We favor a candidate who has broad appeal.

Second Force

[Fonseca] In electoral terms, what are your objectives? Are you shooting for a mayoralty or a legislative seat?

[Villalobos] We are shooting for both. According to the polls, the FMLN is already the second electoral force. The Nationalist Republican Alliance [Arena] is first with the support of 24 percent. The FMLN has 12.5 percent, and the remaining parties have more or less 4 percent each. A large number of people has shown no interest in voting. It is difficult to predict the behavior of people who have not been represented in the surveys.

Being the second electoral force is a great achievement, but that achievement is linked to the fact that the FMLN has transformed the country. It is not the FMLN flag that is attracting people but the changes it has produced. These are the changes that must continue in community organization as well as in constructing a new legislature that is more pluralistic and dynamic.

[Fonseca] Does support for the FMLN go beyond the traditional guerrilla areas of control?

[Villalobos] Yes. The capital is one example. The support involves new social groups, which is very important. Large numbers of middle class people support the FMLN.

[Fonseca] Is the FMLN prepared to wage a battle to face Arena?

[Villalobos] There is something very important here: I maintain, based on objective criteria, that the FMLN is the strongest organization in El Salvador. If I am not mistaken, it has municipal boards of directors in 215 or 220 of the country's 272 municipalities. Only the ruling party has more representatives because it obviously has all the advantages of an incumbent administration. The rest of the parties are at a great disadvantage.

In organizational terms, the FMLN will determine the fate of the elections. The problem is this: Where will it be headed and what will its potential be in the postwar period? Those are things the FMLN must well decide. If it wants a starring role, it will have to take a risk and find out how voters will react to a position that may be identified as extreme.

National Convention

[Fonseca] Will these matters be decided in a congress or special assembly?

[Villalobos] That is correct. The FMLN organizations will hold a series of internal events in March, including congresses and conventions, or whatever you want to call them. It will end with a convention, perhaps in May. Positions on all these matters will be decided then, but we are still in the preliminary stage, holding internal consultations to reach conclusions.

[Fonseca] Will you announce candidacies or platforms when the convention ends?

[Villalobos] Or coalition plans? That is a big possibility.

[Fonseca] With what party?

[Villalobos] We would have to move within the framework of what we call a democratic opposition, which includes the Christian Democratic Party and the FMLN. Coalitions will emerge within that framework, keeping in mind private interests.

[Fonseca] Will you reach a decision on the coalition during the convention?

[Villalobos] The coalition must be negotiated once the FMLN reaches a consensus on its policies. I personally believe the FMLN's main problem is the preparation of a national plan, not its own participation.

[Fonseca] Will a controversy arise within the FMLN concerning this issue?

[Villalobos] Someone considering this from the party's point would say: No, it is now or never; now is the time to do something for the party even if you have to sacrifice the interests of the nation. I believe a leftist group's victory could render the country ungovernable due to the fear this could cause in various groups.

Likewise, the victory of someone who leans too much toward the right could provoke a situation that negates everything we have achieved. The most advisable situation for the country would be to achieve a national consensus before the elections.

[Fonseca] The UN Security Council recently approved the participation of electoral observers. Aside from that, what minimum conditions do you demand for even, honest, and fair elections?

[Villalobos] The ones we have legally achieved. A new electoral code was recently approved in El Salvador following a negotiation process. The new code has extremely important factors.

The code states radio and television stations will only broadcast electoral advertisements at a specific time. In other words, there will be no saturation and a person with more money cannot broadcast more advertisements. This is a small advantage as the use of time is equitably distributed during peak yours, when more viewers and listeners tune in.

Furthermore, a series of reforms changed the structure of the electoral boards and the organization of the whole electoral system. The sum of all this, plus the presence of the UN observers and the fact the Army has entered a new phase, creates the appropriate atmosphere to hold the first free elections in the country's history.

[Fonseca] If the FMLN wins the elections, do you think the Clinton administration will be mature enough to accept, for example, your government, either alone or in a coalition?

[Villalobos] It depends on when this will happen and with what platform. Concerning El Salvador and all the leftist groups, I think the FMLN must make many changes to guarantee credibility within the framework of its relations with other countries of the world. It cannot possibly rule if it does not do this.

I think this is hardly the time for a U.S. Administration, even one like the Clinton administration—which, in my opinion, is almost a revolution for the United States—to understand leftist groups in Latin America. I find it difficult to believe it will understand them overnight, but it is an important struggle. The United States must lower its level of arrogance; it must understand the things that have happened in El Salvador; and it must understand that the new, renewed left is not merely a decoration.

Guatemala

* Serrano's First 2 Years Reviewed

93CA0056A Guatemala City CRONICA in Spanish 8 Jan 93 pp 16-18

[Article by Juan Luis Font]

[Text] Two years into Jorge Serrano's term of office, the time has come to judge his administration's performance. There is no reason to wait until 14 January, when the chief executive will read his second annual report before Congress, to compare its accomplishments with its unkept promises. Quite to the contrary, the contrast between what the conservative administration has managed to achieve and what it could not or did not succeed in doing can be readily seen by a population that heard its promises. From the disaster in the hospital system and the rise in crime to the stagnation of the school system, 1992 was not exactly a model of efficiency. A stroll through the offices of the National Palace and its outbuildings shows how short the good intentions fell and how near to hand the shortcomings are as we evaluate the administration's record.

Little of Benefit, and for the Few

The administration's major accomplishments, which have been too far removed from the average citizen, are to be found in the macroeconomic area. The country paid almost $190 million in back debt to international financial organizations, an achievement that can be attributed equally to the Ministry of Public Finance, headed by Richard Aitkenhead, and to the Bank of Guatemala, run by Federico Linares. The payments began in mid-April and ended in November 1992 when the Inter-American Development Bank and the World Bank opened wide their teller windows. Thanks to this breakthrough, the completed negotiations with the International Monetary Fund, and the signing of a standby agreement, which has given the country a certificate of good financial conduct, it will be able to reschedule its overdue debts to friendly countries with the Club of Paris. For example, Guatemala may qualify for the Initiative for the Americas program to have up to four-fifths of its debt to the United States forgiven.

In contrast, everyone has heard about the Finance Ministry's increased revenue-raising capacity. After the tax reform that the administration imposed, which boosted tax rates for the middle class, the revenues flowing into the nation's coffers increased from 7 to 9.5 percent of the Gross Domestic Product. Yet the greedy officials in the Finance Ministry, who hope to push revenues up to 12 percent of GDP, are quite ashamed that their major failing in 1992 was their inability to modernize the obsolete structure of the General Directorate of Internal Revenues.

Wallet in Hand

All in all, what the administration has done to help the pocketbooks of most Guatemalans can be written in a few short lines. What did not get done, in contrast, takes up more space. The second year of Jorge Serrano's administration was not able to make life any less expensive for the average citizen. Although statistics show an increase of 14.09 percent in the price of items in the basic shopping basket over the 12-month period, the fact is that this basket no longer reflects the actual outlays of the country's urban middle class. Guatemalans today consume products other than the ones contained in that basket, and even so the aforementioned increase overshot the target of single-digit inflation that the administration had set for itself.

The chances of putting a roof over one's head did not improve either. The National Housing Bank met its demise, and the extremely slow progress of its successor, the National Housing Fund, indicates that only the acronym has changed. The supply of government-financed low-cost housing fell to a round number: zero. Nor was private financing the answer. The jump in interest rates to an average of 21 percent late in the year made borrowing much more expensive than expected. Thus, failure to keep the promise of holding interest

rates at 16 percent hurt not just wage earners but also businessmen seeking to borrow.

In addition, economic liberalization, which was supposed to bring lower prices thanks to the unfettered workings of supply and demand and to launch the country into world markets, did not live up to expectations either. Although Economy Minister Juan Luis Miron did, in fact, succeed in opening up foreign markets to Guatemalan products, it is no less true that the bottom line on this liberalization is negative. Meanwhile, imports rose significantly, and there were serious problems placing domestic goods on foreign markets. The statistics, which are available only up to the first half of the year, show that as of October 1992 exports were up just 6.7 percent. In contrast, imports had risen 28.1 percent from the previous year. Moreover, the breaks given to certain sectors revealed a discrepancy between the words and the deeds of a ministry that had more failures than successes this past year.

Looking Beyond

The most resounding failures in the administration's second year in office were perhaps in foreign policy. The Ministry of Foreign Relations was involved in other fiascoes besides the senseless opposition to Rigoberta Menchu's candidacy for the Nobel Peace Prize. Among them were the unsuccessful attempt to win a seat on the UN's Economic and Social Council and the final recognition of Belize as a State. The latter move, which was seen as an effort to join the Movement of Nonaligned Countries and to win the friendship of former enemies, wound up hurting the administration more at home than helping it overseas. The sought-after ties with the English-speaking Caribbean and the heralded aid from the British were conspicuous in their absence in 1992.

The second year of Jorge Serrano's foreign policy, which is now being run by Gonzalo Menendez Park, ended with the lone accomplishment of having warded off condemnation in the UN's Human Rights Commission. The ambassadorial vacancies in three of the country's most important diplomatic missions, Washington, Caracas, and Bonn, show how hard it has been for the administration to come up with diplomats who are equal to the task. Moreover, the prospects of opening up three new embassies in countries like Russia, Indonesia, and a Caribbean nation that the Foreign Ministry has not yet chosen suggest that the country's foreign relations are still being run more by impulse than by a well-planned and well-defined policy. In the judgment of the foreign minister himself, one of his two main accomplishments was none other than to perform what has so far been the sole, sad mission of Guatemala's international relations team: to make the government's side of the story heard overseas, contrasting it with the one that the opposition in exile gets across at less cost and with greater success.

Schooling for the Few

Of the 787 million quetzales appropriated for the Education Ministry in the administration's second year, only five percent was earmarked for investment. And since Minister Maria Luisa Beltran's plans called for 17 million quetzales in economic aid that never came, the proposal to provide basic education to 80,000 children was scuttled. By late 1992 the ministry had repaired 55 school buildings, opened just two secondary schools and one primary school, and provided 60,000 desks, 40,000 schoolbags, 32,000 chalkboards, and 45,000 textbooks. Although 4,000 of the 5,000 new teaching positions were filled in all departments, except the metropolitan area, illiteracy declined by only 1.3 percent.

In the area of culture, in contrast, the successes are less quantifiable. The criticism of Eunice Lima's ministry and its meager involvement in the country's cultural movement suggest that it did not sponsor a rebirth of artistic expression in 1992. Except for the much criticized spending to stage the opera "Por los cerros de Ilom," Guatemalan artists received no direct institutional support for their work. The revival of the National Symphony Orchestra and the Guatemala Ballet was possible only thanks to the support of private business. And adding insult to injury, the ministry was not even able to provide decent pay for the artists on the State payroll. On the official salary scale a conductor with the National Symphony has to settle for less than 800 quetzales a month. As far as publishing is concerned, the private mass media have told UNESCO that they will take responsibility for putting out books and assuring mass circulation. In a word, national arts got little consolation from this ministry.

Health Care in Quarantine

The minister of health, Eusebio del Cid, attributes the hardships that the nation's hospital system underwent in the second year of the Serrano administration to the scant funding for operations. In April physicians at Roosevelt Hospital started complaining about water shortages there. Despite the creation of the General Directorate of Hospitals, which is supposed to supervise them and see to it that they are properly equipped, another crisis developed at Roosevelt in December over a lack of sanitation.

Four-fifths of the 860 million quetzales earmarked for the Public Health Ministry went to salaries. Minister Del Cid feels that his main accomplishments were ones that began under Vinicio Cerezo's administration, that is to say, having reduced the number of diarrhea cases caused by cholera to 13,000 and the number of cholera deaths to 3,000. The vaccination program, thanks to which not a single case of polio has been reported in a year and a half, continued without major mishaps and achieved 80 percent of its goals. The Health Ministry invested 60 million quetzales to acquire and maintain X-ray equipment and therapeutic and preventive supplies.

Projects Inching Along

But if the hospital system once again earned the government criticisms and complaints, the Ministry of Communications and Public Works was supposed to bring it

satisfaction. The ministry, which got more help from emergency bonds, says that it built 9,011 kilometers of roads, 188 schools and institutes, and 36 health posts. Moreover, it says that it is working on 411 schools and 122 health posts. A road system that is in good condition (except for the Inter-American Highway, which is virtually destroyed), the construction of 11 bridges, and the completion of the 20-kilometer road between Jalpatagua and Moyuta are the big achievements of a ministry that has not, however, gotten the Serrano administration's major projects under way. Ground has not been broken at either the airports in Retalhuleu, Puerto Barrios, and Santa Elena, or for the four-lane highways from Palin to Escuintla and from Tecun Uman to the city of Pedro de Alvarado. This also goes for the fishing port of Champerico and the marketing and development areas in Guastatoya, El Progreso, and Santa Cruz Mulua, Retalhuleu. The new Procurement and Hiring Law, which was amended to streamline public investment and the creation of a committee to monitor the spending of investment funds, has not yet borne fruit.

During the administration's second year GUATEL [Guatemalan Telecommunications Enterprise] consolidated its position as the goose that laid the golden eggs. However, the surplus of around 500 million quetzales merely enabled 15,000 new lines to be installed and brought telephone service to 100 communities in the interior. Thus, the Serrano administration has added just a few lines to the 190,000 that the Christian Democratic government installed.

For its part, the Development Ministry also spent most of its investment budget on public works projects, in what seems to be a duplication of effort with the Communications Ministry. The ministry headed by Ricardo Castillo Sinibaldi, who replaced Manolo Benfeldt in May 1992, spent its 12 million quetzal budget on projects to build 12 schools, a local road, 23 rural water supply systems, a medical clinic, five drain inlets, two footbridges, and a suspension bridge.

Better Not Expect Anything

The crime statistics that the National Police has provided for the second year of the Serrano administration are much more encouraging than in its first year. Yet crime remains the scourge of Guatemalans, as gangs that hold up homes and businesses began reappearing late last year. According to the police, holdups were down by 345 in 1992 from 1991, and robberies reportedly dropped by 1,445. Nevertheless, civilian security forces could not do without assistance from the army, which commanded and coordinated the National Police and the Finance Guard. Even so, the ministry that Francisco Perdomo heads was unable to reduce vehicle theft.

Besides running the civilian security apparatus, the Defense Ministry got involved in education, health care, communications, environmental protection, and diplomacy. The aggressiveness of the military, on which the Serrano administration relied heavily during its second year, made it once again, despite officials' claims, a major player in national life in 1992.

1992 was thus a year in which the Serrano administration failed to make good on its promises. His upcoming government report, regardless of how it may be embellished, will not be able to hide the truth that these were 12 uneventful months. Although experience shows that official reports tend to overestimate achievements and conceal shortcomings, everyone can see how little was accomplished last year. Rather than describe a nonexistent country, Serrano will have to chart a course for his administration if he wants his remaining three years to give him a better place in history than his predecessor.

* URNG Claims 53 Killed, Wounded in Fighting

93CA0056K Guatemala City PRENSA LIBRE in Spanish 18 Dec 92 p 32

[Text] AGENCIA CERIGUA, Mexico—The Guatemalan Army suffered 53 casualties, among the dead and wounded, in battles with the guerrillas over the past two weeks, according to a "war report" from the URNG [Guatemalan National Revolutionary Unity] that the local press published yesterday.

The URNG says that between 17 November and 5 December its units harassed military patrols several times in the west and north and along the southern coast of Guatemala.

During a confrontation in the municipality of Ixcan in the northwestern department of Quiche, the army suffered 39 casualties, according to the rebel communique.

It adds that in Chanjul, Quiche the military suffered four casualties, while in the department of Solola the guerrillas caused another eight.

In the northern department of Peten the rebels attacked a military patrol and caused two casualties, the URNG communique says.

The guerrillas also say that they destroyed a light tank and disabled another during an ambush in the western part of the country.

The Armed Forces, which do not recognize URNG "war reports," have not reacted to the new communique from the rebels.

* Federico Linares, Others Cited on Economy

93CA0056C Guatemala City SIGLO VEINTIUNO in Spanish 21 Dec 92 pp 22-23

[Article by Carlos Castanaza: "The Need To Stabilize the Economy, To Grow...and To Eat"]

[Excerpt]

Monetary, Exchange, and Credit Policies: A Sore Point

In explaining how the policies that the Central Bank has pursued have unfolded, its president, Federico Linares, begins by justifying the bank's role in what he calls "the search for the orderly development of the economy."

The bank's main function, he says, is to maintain monetary, exchange-rate, and credit conditions that are most conducive to such development, in other words, growth with stability.

"To discharge this major responsibility the Bank of Guatemala must control the money supply so that it does not put inflationary or excessive pressure on the exchange rate," he explains, addressing the issue forthrightly.

In discussing the causes of monetization, he indicates that the main ones are the budget deficit financed with Central Bank funds, the operational losses of the Bank of Guatemala, and bank operations.

"The current policy seeks to control monetization by attacking its causes and, when there is excess liquidity, to use instruments such as open-market operations," he says.

Linares regards the measures taken to attack excess liquidity as appropriate, thus justifying the recent withdrawal of 700 million quetzales from the market, because the money supply (checking and savings accounts) was growing at an annual rate of 38 percent and loans to the private sector had also expanded by 38 percent, the highest rate in the past 30 years.

The Central Bank president says that an economic growth rate of around 4.2 percent this year and an expected inflation rate of 10 percent will make these two indicators the best in Latin America for the second straight year.

Linares says that monetary policy measures that stimulate growth without causing inflation are not easily devised. "These goals do not involve a trade-off in our case, as our 1991 performance and the expected 1992 performance indicate."

"There cannot be sustained economic growth without stability," the president of the Bank of Guatemala and of the Monetary Board opines. This is precisely one of the issues on which the authorities are most heavily criticized.

In the view of the president of the National Economic Research Center (CIEN), the Monetary Board was worried because in September the inflation rate, according to the INE [National Statistics Institute], was 8.5 percent from year to year, thus already overshooting the target of six to eight percent.

This researcher indicates that the three measures, mentioned by Linares, to withdraw 700 million quetzales were also designed to relieve possible pressure on prices, all the more so if we recall that the consumer price index was up by 4.5 percent in September.

As for the Bank of Guatemala's loan to the government, he says that the bank has taken a significant "further step" by stipulating that fresh loans cannot exceed the repayments that the government makes; instead, any new loans will have to be 460 million quetzales smaller.

As for exchange-rate policy, among others, he indicates that the exchange rate model allows for some flexibility, though not much. He adds that "various indicators point to some exchange rate lag, and one finds that the current nominal exchange rate is lagging a bit from where it should be to maintain external competitiveness."

Off-Budget Deficit: From One Building to Another?

Luis Alberto Reyes, the president of the Agriculture Chamber, says that "another of the shortcomings of the Monetary Board's artificial policies is that they are generating impressive operational losses in the Bank of Guatemala."

He explains that in order to make up for these losses and for the major spreads caused by paying interest rates of up to 33 percent in its transactions, the Central Bank "is resorting to the unbacked issuance of currency, and these quetzales wind up competing with the ones that we have earned by dint of hard work."

"This is an immoral practice. It is as immoral as swindling exporters by making them pay unrealistic prices for foreign exchange. This is why it does no good for the Finance Ministry to say that fiscal losses have declined significantly, when the only thing that happened was that the losses were transferred to the building across the street. They are just pulling our leg."

In the view of labor leader Jose Pinzon from the General Confederation of Guatemalan Workers, "the Bank of Guatemala and the Finance Ministry have been able to embellish the reports, numbers, and data for the population, as they even show an improvement in the fiscal arena."

As far as he is concerned, conditions that continue to harm the country can be cunningly concealed in this way, "but behind the glossing over, 87 percent of the population are poor and 65 percent are living in extreme poverty...and the glossing over is not enough."

Addressing this issue, Linares says that one of the most important elements in any stabilization process is the reduction of the so-called "overall deficit," which comprises the budget and the off-budget deficit.

"In Guatemala's case, the main source of the off-budget deficit is the Central Bank's obligation to pay back the external debt, which was contracted during the 1980-1985 period," he explains.

The president of the Monetary Board indicates that current policy seeks to reduce the overall deficit substantially, and he feels that significant progress has been made in this regard.

The numbers on which he bases his view indicate that the overall deficit has declined as a percentage of the GDP from 4 in 1990 to 1.2 in 1991, with estimates of 1 percent for this year and 0.8 percent as a goal for 1993.

Stability and Growth, the Trade-Off for the Immediate Future

Schneider asserts: "If one puts the goals of stabilization and growth on the same level, when one contrasts them and asks whether what we want is just to keep on stabilizing or whether we really want to grow, then what we are doing with the exchange rate is crucial."

"A very important time has come to reevaluate exchange-rate policy, not only from the standpoint of stabilization but also from the standpoint of economic growth," he adds.

"We should think about doing one of two things: either continue with stabilization or gradually lay the foundation for an economic recovery," asserts the economist who has been mentioned as a possible replacement for Linares, who will be leaving his post.

In the view of Fanny de Estrada from the Trade Union of Exporters of Nontraditional Products (GEXPRONT), "growth is important because, combined with the incentives needed for competitiveness, it enables the country to develop better."

"We cannot forget, for example, that the domestic market is too small to absorb all that we are capable of producing. Thus, the only option is to move beyond, onto the international market, where you can make it only if you are competitive."

In the view of Reyes Mayen: "When stability was achieved, it was not firmly established and permanent. As a result, we are worried this year that policies seeking stability once again have been developed. It will be even worse if we see that changes were made in September and are still being made."

"This stabilization policy has caused enormous damage to the farm export sector. There is talk of statistical results, but it so happens that there are statistics about statistics: To say that we have grown or are going to grow by 4.5 percent is indeed promising, but it is nothing more than that because it does not at all reflect actual conditions in the country."

In Pinzon's words: "It is said that we have stabilized and that many indicators show growth, but it is not being said that it has wound up in a small sector in which wealth is concentrated. What enters the country is not being distributed justly."

"Some stabilization measures have been positive because we are no longer seeing devaluations like the ones under administrations like Cerezo Arevalo's. In contrast, though, other policies have benefited powerful traditional groups, as is the case now with the banking sector."

In Linares' opinion: "By continuing in the right direction with the policies we have adopted, which among other things have allowed a reduction in the overall deficit, and to the extent that the established goals are achieved, the country will be eliminating the main causes of monetization that bring instability to the economy."

"The slowdown in inflation rates, a goal that was set in January 1991 and achieved through monetary, exchange-rate, credit, and fiscal measures, as well as other economic policies, must continue.

"We cannot think about growing and growing if beforehand we do not have a stable economy that can sustain such growth. Otherwise, if we have policies other than the ones that have worked for us, we could have positive results in the very short term, but they would be illusory and fleeting as a result of shortsighted policies."

Central Bank: Exchange Rate and Intervention

An issue of great interest to economists, among many others, has been the role that the Central Bank plays in economic development through intervention, to which it has often resorted. Exchange-rate policy is the one most talked about in this regard.

Fanny de Estrada feels that "before any fiscal, monetary, credit, and especially exchange-rate measures are taken, their impact on our much-needed competitiveness must be analyzed."

Discussing the Central Bank policies that her sector has not looked kindly on, she states that "in the area of credit much remains to be done in Guatemala, especially concerning the access to credit that small and medium-sized businessmen ought to have."

"Exchange-rate policy, for example, is not seeking to encourage competitiveness. So some of the latest measures are moving in that direction, because exchange-rate policy plays a decisive role in internal inflation, which is so important to businessmen," she indicates.

Schneider feels that "one of the possible models for the exchange rate is complete decontrol. Another that does not necessarily go all the way to decontrol would be a critical reassessment of what has happened with the nominal exchange rate from the standpoint of exports and then an attempt to adjust the exchange rate."

"This would not be done without restrictions, as an alternative to the first one. We would simply be trying to restore lost export competitiveness," he says, adding that the Monetary Board has taken steps whose basic goal is

to restrict liquidity and, in the words of the September resolution, "consolidate economic stabilization in the country."

Reyes Mayen regards interventions as "artificial measures, generally restrictive ones, that harm the farm export sector. They are an attempt to freeze the money supply permanently, for the sole political goal of maintaining price indexes that show success for the government."

"An exchange-rate policy has become the overriding goal of the Monetary Board, and in the end its stabilization program consists essentially of keeping price increases under control.

"The cost does not matter. This is the serious part, because since the exchange rate that they have been working with is not realistic, it has been an ongoing disincentive to exports. It has caused the tragic problem of paying unrealistic prices for the exporters' foreign exchange," he emphasizes.

He says that because of these interventionist measures in the market "exporters have to compete on foreign markets with goods from other economies that provide incentives, not disincentives, for exports."

"There are even extreme cases in which the ongoing trend is to maintain an undervalued exchange rate as a major attraction so that a country's output can be placed on foreign markets. In contrast, we keep our exchange rates overvalued, which obviously hurts exports," he asserts.

In conclusion, he describes as disastrous the exchange-rate policy whereby Central Bank measures have promoted the consumption of foreign goods and services, thus bringing in a flood of such products, many of which are unknown to or not customarily used by Guatemalans.

Linares, comparing us with other countries, says that our system is so flexible that the International Monetary Fund places it among the most flexible in the world.

"An analysis of results only when the quetzal is appreciating is incomplete, confusing, and leads to mistaken conclusions," he adds.

Linares indicates that, for example, a few weeks ago the Bank of Guatemala's average cost of foreign exchange was about 5.06 quetzales to the dollar, "so any selling price above that makes a profit for the Central Bank."

"The judgments that were issued about this are biased, more because of a lack of information than out of bad faith. On the contrary, if the point is to criticize the Monetary Board, the argument could be reversed: 'If the average cost of foreign exchange is 5.06 quetzales to the dollar, then why is the Bank of Guatemala selling it at a higher price, without counting the 1 percent exchange commission.'"

He then asks: "What is the solution?" His reply is that "as I have said on other occasions, the market, supply and demand, even if it is not perfect, resolves the problem best, not central banks."

"Now then, this does not mean that central banks should stop intervening. Even in an 'uncontrolled' system central banks intervene by buying and selling foreign exchange, central banks in small and large countries alike. Also, in so doing all central banks necessarily post gains and losses."

In a way Linares is saying that his detractors are right when he indicates that "the current exchange system has its limitations, although it has been working satisfactorily."

"Once the country has fiscal and monetary discipline, which is the aim of the recent measures, and an appropriate level of international monetary reserves, it will be able to adopt a more flexible system that is less dependent on the regulations of the monetary authorities."

Nevertheless, he concludes by noting that "flexibility does not imply instability in the exchange rate; rather, within the indicated context, it means a stable, realistic exchange rate."

Humberto Preti, concluding with one of his typically humorous analogies of a problem that is no longer funny, has this to say: "The role of the Monetary Board can be compared to a soccer game. The two teams have already played the first half. But during halftime the rules have been changed, and only one team is familiar with them. Then the second half begins...."

* Indians Pay Inflated Prices for Land

93CA0056I Guatemala City CRONICA in Spanish 18 Dec 92 p 28

[Article by Carlos Morales Monzon]

[Text] The land purchases that Jorge Serrano's administration began are a commercial activity from which farm owners and peasants are benefiting. Yet the former are profiting more because when they learned that the government was the buyer, without thinking twice, they boosted their prices in less than two months. According to Carlos Ortega, the president of the INTA [National Institute of Agrarian Reform], a caballeria [one caballeria equals about 42 hectares] used to sell for $70,000 along the southern coast, while in the northern area it cost $10,000. After the government funds for land purchases were set up, however, owners boosted prices to $100,000 and $20,000 respectively. Each beneficiary family receives a plot of five manzanas [one manzana equals about 1.75 acres] on the coast and 10 manzanas in the north, for which they must pay around 3,000 quetzales a year for 10 years.

Land for All

With the creation of the National Fund for Peace (FONAPAZ) and the National Fund for Land (FONATIERRA), thousands of Guatemalan peasants have realized their hopes of owning a piece of land. "We spent four years asking for lands, and now we have them," say Alfonso Perez Aguilar and Rocael Alezano Ruiz, who are both leaders of the Maneliz community in Suchitepequez. The 300 peasant families living there became beneficiaries on 15 May of this year when INTA, through FONATIERRA, awarded them a 22-caballeria farm that the government bought from Agropecuaria La Vega, S.A. They are not the only ones, however, inasmuch as 380 other families also received 30 caballerias of land, in Retalhuleu, that were purchased from Agropecuaria Cuchuapan, S.A. These are the first purchases by FONATIERRA and cost $3.64 million, out of an initial fund of $11.28 million for the program. FONATIERRA has been working along the southern coast, while FONAPAZ has been operating in the northwest region. According to Klara Campos of FONAPAZ, 7.1 million quetzales were spent in 1992 to purchase 60 caballerias. The following farms were acquired: El Zafiro, El Recuerdo, San Jacinto, El Centinela, La Muralla, and El Portal in the departments of Quiche and Huehuetenango, where 607 communities that are home to a half-million people benefited. According to Campos, most of the projects are for peasants who have been victims of violence, and for the time being the entire program is focused on supporting the Ixcan Grande Agricultural and Miscellaneous Services Cooperative, R.L. Work has begun, and the hope is that together the two institutions can benefit more than 200,000 families by next year.

Looking to the Future

The international community looks favorably on the programs to purchase land for peasants. For this reason, FONAPAZ and FONATIERRA are getting offers of financial support. The Taiwan Government alone has promised $150 million for 1993, and the Central American Bank of Economic Integration will chip in 30 million quetzales. And this does not include the remaining balances of each institution from the initial fund that the Guatemalan Government provided. Aside from the land that will be purchased, INTA has also located 150 vacant government-owned plots that will be distributed over the next three years, according to Ortega.

But since there is not enough such government land, the purchases will continue, and the farm owners will keep on making fat profits by selling at overvalued prices that the peasants will wind up paying to the State.

*** Five Million Lack Adequate Housing**

93CA0056H Guatemala City SIGLO VEINTIUNO in Spanish 21 Dec 92 p 4

[Text] The chairman of the Housing Committee, Deputy Cesar Porres Lessing (MAS [Solidary Action Movement]), revealed that more than 5 million people in the country lack decent housing. He indicated that in accordance with the National Population Census in 1981-82, the qualitative and quantitative shortfall rises by 52,000 units a year.

In 1992 alone the need for core housing stands at 960,000 units, almost a million. If we assume that a family consists of five or six persons, then five million people are not having this need met, he indicated.

Private enterprise and the Chamber of Construction built around 3,000 housing units, at the most, in Guatemala during the year drawing to a close, but most of them were designed to meet the needs of the middle and upper-middle class.

"Homes priced at between 25,000 and 30,000 quetzales, including land, need to be built under a program of mutual aid and self-help that will enable the beneficiaries to become involved in the construction work under technical guidelines," he noted.

The legislator from the ruling party said that just last Thursday a working session was held with the minister of urban and rural development, Ricardo Castillo Sinibaldi, to analyze the prevailing situation in this area.

Portes Lessing indicated that they and the minister discussed the urgent need to get the Guatemalan Housing Fund going through an appropriation of 100 million quetzales from World Bank funding. Present at the session were two advisers from the United Nations with extensive experience in housing in developing countries. As a result, the Housing Fund will almost certainly start up in the first few months of 1993. Another problem analyzed at the session is the fact that there is no legal certainty for land ownership in Guatemala because the Housing Bank does not award title; hence, the legislative committee will propose options in this regard.

On the high plateau, he noted, there are only "hereditary rights, from parents to children, in land ownership." The tradition in Indian communities has been to respect these rights, but this creates another problem.

The problem is that because an Indian or a peasant farmer does not have a deed to back up his legal right to a piece of land, he cannot, for example, receive a loan to help himself or his family; this has been a drag on development for many years now. Porres Lessing emphasized that the Supplementary Award of Title is out-of-date too, because before a deed is awarded to the owner of a piece of real estate, he must be in possession of his claim for 10 years.

* UASP Sustains Opposition to Economic Policy

93CA0056E Guatemala City SIGLO VEINTIUNO in Spanish 8 Dec 92 p 5

[Text] UASP [Unity of Trade Unions and Popular Action] yesterday reaffirmed its opposition to the administration's economic policy, inasmuch as "it seeks to further punish the country's poor and working class."

Byron Morales, the secretary general of the UASP, accompanied by other leaders of the group, indicated at a press conference that after the hikes in the prices of transportation, fuel, electricity, water, and other items, the population would be less able to afford a just, decent living.

It bears noting, he said, that we have always believed and will continue to believe that dialogue is a principle of democracy, but in Guatemala it is used only to benefit powerful traditional sectors.

According to the UASP leadership, this development reaffirms that this administration not only lacks an economic plan but in fact is warping in every way the democracy that it claims to be defending.

In recent years, they continued, there has been economic growth, but never has it translated into well-being for the people.

Moreover, the administration is persisting with its neoliberal economic policies that harm the people in order to regain the good graces of international financial organizations and local economic-power groups.

According to the labor leaders, such policies include the freeze on wages, the widening of taxation, and the tax modernization program in general.

To this, they went on to say, can be added the elimination of subsidies and the privatization of public services, which leaves the populace at the mercy of price swings on world markets.

Therefore, they emphasized, we demand that the Serrano Elias administration think matters over and come up with specific answers for the people by taking actions of social benefit, "not [by making] fanciful speeches, because otherwise the people will not just judge them but will defend themselves with their own hands."

In conclusion, they condemned the acts of repression and asserted that there was no justification for such a savage policy against the labor and grass roots movement.

* Monetary Board Decision 'Hurts Agriculture'

93CA0056F Guatemala City SIGLO VEINTIUNO in Spanish 1 Dec 92 p 5

[Text] The president of the Chamber of Agriculture, Luis Alberto Reyes, yesterday described the decision by the Monetary Board (JM) authorizing the Bank of Guatemala to continue open-market operations as a harsh blow to the production sector, agriculture in particular.

He indicated that the decision would have a severely distorting effect, inasmuch as the farm sector needs sizable amounts of capital for investment.

The problem, he underscored, is that the JM has made the move just when farmers have to make decisions about their crops.

In light of the certain increase in the cost of capital and higher interest rates, the country's farm output can be expected to shrink next year, he emphasized.

According to Reyes, this situation will obviously lead to higher unemployment, since it hurts the entire community, not just business.

In addition, he went on to say, the supply of goods will shrink, and costs will rise because of the hike in one factor of production.

"The cost of capital as a factor of production will necessarily be reflected in the prices of various products," he stated.

As far as Reyes is concerned, the JM took these measures by agreement with multilateral lending agencies, which have a completely unrealistic view of conditions in Guatemala.

Moreover, he continued, this is an attempt to preserve the supposed success that the government has had in holding down prices.

As far as this representative of businessmen is concerned, however, this sort of policy "means bread today and hunger tomorrow," whereas a reasonable movement of prices would be better than a sudden hike.

There could be such a hike next year, he said, when the JM no longer has any maneuvering room and runs out of ploys. Then there will be an abrupt devaluation that will prevent Guatemalans from making appropriate adjustments in their personal budgets.

"If people know that a steady devaluation is taking place, they spend their money more quickly by buying goods. But when the devaluation happens overnight, there is no way to prevent a loss," he stated.

In conclusion, Reyes Mayen underscored the possibility that these policies will undo our relative social calm and jeopardize the rule of law under which we live.

* Serrano Strives To Attract Taiwan Investors

93CA0056B Guatemala City PRENSA LIBRE in Spanish 18 Dec 92 p 32

[Text] During his trip to Taipei, President Jorge Serrano Elias announced in an interview on 29 August with

FREE CHINA, a magazine published in Taiwan, that the hydroelectric and thermoelectric power plants would be privatized soon.

Discussing steps to modernize the domestic economy, Serrano said that his administration is moving toward privatizing the electric-power sector and leasing the construction of roads and a bridge, which he did not specify, to the private sector.

The chief executive said that this same agenda includes plans to set up a major free trade zone just 60 kilometers from the Mexican border (a reference to the port of Champerico, Retalhuleu) and to build an international commercial airport in that same department.

Serrano Elias invited Chinese investors to take part not only in industrial projects but also in major physical and commercial infrastructure undertakings in Guatemala.

He also said that our country is getting ready for the North American Free Trade Agreement [NAFTA] and that Guatemala and Mexico are building "some major port and land facilities to meet the heavy commercial demand that will develop before long."

In the interview with FREE CHINA Serrano said that the Guatemalan private sector has responded enthusiastically to the trade policies that his administration has pursued.

"We have two basic proposals for the private sector. The first is participation in joint ventures between the Chinese private sector and the Guatemalan private sector so that from Guatemala we can penetrate NAFTA.

"The other proposal is designed to get the Chinese private sector interested in investing in certain projects, such as electrification, ports, the building of free trade zones, and others, which the government intends to privatize," he noted.

* Japan Donates $7.5 Million for Hydroelectric Repairs

93CA0056J Guatemala City PRENSA LIBRE in Spanish 9 Dec 92 p 3

[Text] The Japanese Government has donated $7.5 million to Guatemala to renovate seven small hydroelectric plants around the country, the president of the Municipal Development Institute (INFOM), Guillermo Rodriguez, announced yesterday.

The hydroelectric plants are Comaja in El Progreso, San Jeronimo in Baja Verapaz, Santa Barbara in Suchitepequez, Retalhuleu, Tacana in San Marcos, and Joyabaj and Zacualpa in Quiche.

Rodriguez explained that the work would begin soon and conclude in July of next year. He added that they are important for the communities not only because they will have access to electric power (economic development) but also because the service will be inexpensive.

He went on to say that the government would contribute three million quetzales and that the hydroelectric plants would be run by the municipalities themselves.

Germany Offers Aid

The German Government has expressed interest in helping to build seven additional small hydroelectric plants elsewhere in the republic, Rodriguez said.

In this case INFOM would confine itself to serving as a bank for the municipalities and advising them on the design of the plants. Rodriguez underscored that the assistance that the German Government is offering is much appreciated and would be made proper use of as soon as it arrives.

* Jan to Nov Exports Up 18 Percent

93CA0056G Guatemala City PRENSA LIBRE in Spanish 12 Dec 92 p 87

[Text] The exports authorized under permits issued by the Single Window for Exports hit $1.67 billion last November, as against $1.41 billion in the same month of 1991, an increase of 18 percent, reported Carlos Payeras, the director of the aforementioned office at the Economy Ministry.

Payeras indicated that 31 percent of the exports were of traditional items while 69 percent were nontraditional.

He explained that the overall figure of course reflects the total authorized value, which itself includes the output of the assembly industry. Only about 40 percent of the export value of this industry represents a profit for the country.

The U.S. market remains our main buyer. This past November $782 million in exports were authorized to that country, up 9.5 percent from the $714 million in November of 1991. Garments account for $361 million of this total.

Authorized exports to the Central American market totaled $381 million and to the European market $507 million, compared to $300 million and $396 million during November 1991; these are increases of 27 and 28 percent, respectively.

These figures do not, of course, mean that the country earned this much foreign exchange, since the assembly industry, by its very nature, brings only value added into the Guatemalan economy, and the value added consists mainly of the wages paid to workers in companies.

* BG To Seek Further Debt Rescheduling

93CA0056D Guatemala City SIGLO VEINTIUNO in Spanish 1 Dec 92 p 3

[Text] Next year the Bank of Guatemala [BG] will continue renegotiating and rescheduling its high interest-rate loans, besides reducing the foreign-debt balance by

appropriate amounts, in order to maintain its level of international monetary reserves.

The comment came from the president of the Bank of Guatemala and the Monetary Board, Federico Linares Martinez, as he discussed the Central Bank's foreign debt.

He indicated that as for the government's foreign debt, certain restrictions have been placed on taking out short-term commercial loans.

The point is to give preference to so-called soft loans such as the one that the World Bank granted to our country. These are long-term loans that carry interest rates below market levels, he said.

Further on, Linares Martinez indicated that the Central Bank's foreign debt has shrunk, inasmuch as the Bank of Guatemala has disbursed significant amounts of money.

It has paid off more than half of its debt of close to $1.25 billion as of late 1985, that is to say, around $724 million.

The president of the Bank of Guatemala said that the government's debt balance remains the same. Part of the reason, he explained, is that the country was on the black list of international organizations for more than three years.

However, he went on to say, as of last week all of the credit windows were reopened, and thus the government will have access to sources of financing.

In another vein, Federico Linares asserted that financial modernization is part of the program that was submitted recently to the World Bank.

He indicated that one of the fundamental points in the program is that the Central Bank will be appropriately independent and that the banking system will be deregulated; this means that the bank may offer services typical of the international system.

Also part of the program are preventive audits by the Superintendency of Banks and, finally, strong support for the capital market, the bank president said.

Nicaragua

Court Orders Presidency To Explain Assembly Takeover

PA2202185193 Managua Radio Catolica in Spanish 1100 GMT 22 Feb 93

[Text] The Presidency of the Republic has 15 days to explain to the Supreme Court of Justice the reasons for ordering the military takeover of the Legislative Assembly.

Even though the members of the Conservative Party of Nicaragua [PCN] do not harbor much hope for a just ruling by the Supreme Court of Justice, they think this is the only legal recourse to challenge the election of the parliament leadership. The PCN has presented an amparo recourse to the Supreme Court of Justice over the actions of the Executive Branch in the case of the parliament and the election of the new leadership.

The court has accepted this recourse and sent notification to the Presidency of the Republic to report on this act of conducting a military coup against the assembly. According to PCN lawyers, the Presidency violated the Constitution by replacing one board of directors with another, and therefore all actions by the new leadership and everything that happened thereafter is null, the sources said.

Once the Presidency has answered the Supreme Court request, the court will have to issue a ruling. PCN lawyers doubt the ruling will be issued in due time, as many other recourses are still dormant.

UNO Demonstration Protests Government 20-21 Feb

PA2202194593 Managua Radio Catolica in Spanish 1100 GMT 22 Feb 93

[Text] Approximately 5,000 people participated in a National Opposition Union [UNO] demonstration on 21 February in Chinandega. The UNO held demonstrations on 20 and 21 February in Matagalpa, Granada, Chinandega, and Rivas.

It is estimated that over 5,000 people attended the protest in Chinandega against the government on 21 February. The residents of the area protested against obligatory military service, corruption, and the deputies of the center bloc, particularly those from Chinandega.

Commission Aimed at Rapprochement With Rearmed Groups

PA2302020393 Managua Radio Sandino in Spanish 1830 GMT 22 Feb 93

[Text] On the morning of 22 February, Army Commander General Humberto Ortega reported that President Violeta Chamorro's government has created a commission, formed by officials from the Government Ministry, the Sandinist People's Army [EPS], and other government institutions, to try to reach rapprochement with the rearmed groups.

Ortega reiterated that the problem of the rearmed people will not be solved through military means but through dialogue and negotiations. The commission, which will be coordinated by Government Minister Alfredo Mendieta, will try to find a way to start negotiations immediately with the rearmed people, who amount to no more than 1,200 men, including recontras, recompas, and police personnel.

Gen. Ortega also reported that another commission will be established to review the government's commitments to demobilized EPS and Nicaraguan Resistance personnel and to ensure their compliance.

EPS' H. Ortega Blames Cesar, Godoy for Violence

PA2302045093 Managua Radio Sandino in Spanish 1830 GMT 22 Feb 93

[Text] Sandinist People's Army [EPS] General Humberto Ortega has blamed former National Assembly President Alfredo Cesar and Nicaraguan Vice President Virgilio Godoy for the increase in armed violence in the country. Gen. Ortega appeared before the National Assembly Defense and Government Commission and asserted that 90 percent of Nicaraguans, who voted in favor of President Violeta Chamorro, are against the violence in Nicaragua.

[Begin Ortega recording] In the past months [words indistinct] have been endangered, not by the contra or recontra groups in the mountains but by the people who have prepared and are implementing a campaign against the legally constituted Nicaraguan Government, authorities, National Assembly, and all top government branches.

We have observed that the responsibility of the increased armed violence in the country does not fall exclusively on recontra group leaders. The blame falls on the people who have decided to topple the government of President Violeta Chamorro simply because it does not respond to their leanings or political positions, which basically seek to disregard a very important sector in Nicaragua: the Sandinist sector.

We clearly see that the destabilization campaign in Nicaragua is headed by Alfredo Cesar and other top officials, such as Mr. Virgilio Godoy. [end recording]

Gen. Ortega asserted that the recalcitrant groups are strongly backed by radical U.S. groups, headed by Senator Jesse Helms. The Army commander added that right-wing U.S. sectors believe they can get President Violeta Chamorro to resign and then name Virgilio Godoy as president.

[Begin Ortega recording] The daily destabilization campaign against the government has strong promoters in the United States. To be specific, we all know of the unabashed, interventionist, irresponsible actions of Senator Jesse Helms and his followers, such as Deborah DeMoss and other U.S. citizens who endorse Nicaraguan right-wing groups. Those people are also morally and politically assisting the domestic destabilization campaign against Nicaragua to get the government to collapse and President Chamorro to tire of the situation and quit. The promoters want this to happen so they can present Virgilio Godoy as an alternative to President Violeta Chamorro. [end recording]

Regarding the National Opposition Union [UNO] rally scheduled for 28 February, Gen. Ortega said he had information of plans to provoke authorities and duplicate the bloody events of 22 January 1967. He added that the plan even includes dressing UNO members as police so that later the police can be blamed for attacking the government. The EPS commander asserted that radical UNO politicians had invited the recontras to maintain their positions—even at the risk of being annihilated—and continue to frighten the peasant population so as to prompt the collapse of agricultural production.

[Begin Ortega recording] Those right-wing groups are strongly prompting the recontras to continue operating in the rural areas to negatively affect our agriculture cycle and production. Such an action has a direct and negative impact on the country because the only way Nicaraguans can get out of this deep crisis, which burdens us all, is precisely by activating the economy and agriculture production in the rural areas.

These bands have no possibility of destroying the legitimately constituted authority in Nicaragua but they can scare peasants, farmers, merchants, and citizens who move through those areas for economic and social reasons. Why do those groups do all this? To make it difficult for the government to implement its economic reactivation program. The government has been trying to implement the program but has not been able to systematize and maintain it. [end recording]

Minister Says Government Not To Print More Money

PA2202153393 Managua Radio Nicaragua Network in Spanish 1100 GMT 22 Feb 93

[Text] The government is maintaining its commitment of not printing any more local currency bills, Presidency Minister Antonio Lacayo stated during a meeting held on 20 February with cattle ranchers and farmers of the Boaco area. Lacayo flatly stated that President Chamorro's primary interest is to promote the development of agriculture and cattle raising.

He said that the funds for loans must come out of national savings and international assistance. To this effect, he invited the producers to utilize the available financing and make their payments on time.

Government Minister Mendieta Attends Drug Summit

PA2202152493 Managua Radio Nicaragua Network in Spanish 1100 GMT 22 Feb 93

[Text] Our country is described only as a corridor for international drug traffickers, Nicaraguan Government Minister Alfredo Mendieta stated upon his return from Belize where he attended the drug summit on 19 February.

Analyzing the drug problem in each country of the region, Mendieta said that most of the drugs in the area—mainly cocaine—are produced and trans-shipped in Guatemala, while cocaine and opium trafficking occur in Darien Province, Panama.

The Nicaraguan minister also said that certain countries such as the United States, the United Kingdom, and Mexico are willing to provide support to fight drug production, consumption, and trafficking in our country.

Argentina

Menem Praises Achievements of Chile's Pinochet

PY2202144793 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2025 GMT 21 Feb 93

[Excerpt] La Rioja, 21 February (NA)—President Carlos Menem confirmed today that the government is studying a pay increase for members of the Armed Forces. He emphasized that any hike depends on the Treasury's cash flow situation, adding that it will not affect the country's economic stability. Menem seems to be neutral on this issue, equidistant between the economy and defense ministers.

Menem praised the achievements of the dictatorial government in Chile of former de facto President Augusto Pinochet, stating: "I wish I had inherited Argentina like the way Patricio Aylwin inherited Chile—in perfect order."

Menem had no qualms about praising the former Chilean president, who was recently decorated by General Martin Balza, the Army chief of staff, on behalf of the Argentine Government.

Menem sang Pinochet's praises in spite of a recent controversial statement by the latter. Pinochet stated that Chilean settlers are reasserting Chilean sovereignty in the Patagonian continental glaciers, the ownership of which is disputed by both countries.

Menem said: "General Augusto Pinochet governed the country through a military regime and yet, at the end of his tenure Chile was a stable country, developing fast without a closed economy." [passage omitted]

Voices Support for Defense Minister

PY2202122093 Buenos Aires LA PRENSA in Spanish 21 Feb 93 p 1

[Excerpt] President Carlos Menem has denied reports in a Buenos Aires newspaper about serious disagreements between Economy Minister Domingo Cavallo and Defense Minister Erman Gonzalez.

The president yesterday talked with Erman Gonzalez. He told Gonzalez that the reports follow uncertainty among some people over his candidacy for deputy, adding that "this is part of the internal electoral process and you will have to endure more harassment." [passage omitted]

Russian Trawler 'Heading for Bahia Blanca Port'

PY2202121593 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0029 GMT 21 Feb 93

[Text] Buenos Aires, 20 Feb (NA)—The Argentine Coast Guard has reported that "early this afternoon, the captain of the Russian fishing trawler Orel reversed his decision to disobey the Coast Guard orders and is now heading for Bahia Blanca port." The trawler was caught fishing in Argentine territorial waters.

The Coast Guard communique points out that "on 14 February, the Russian-flag trawler Orel was caught fishing 197.9 nautical miles off the Punta Delgado lighthouse, within the Argentine exclusive economic zone."

The communique adds: "The Coast Guard boat Derbes detected the foreign trawler. It sent messages and signals ordering the Russian boat to stop, but the trawler continued toward open sea."

The note stated that "the Coast Guard ship fired warning shots. The Russian trawler stopped, Coast Guard personnel boarded it and found proof that the trawler had been fishing in our exclusion zone. The Russian captain was ordered to head for Bahia Blanca port."

The communique adds: "He refused, and the Coast Guard boat Mantilla was ordered to assist the Derbes to ensure that the foreign trawler complied."

The communique continues: "The Foreign Ministry maintained diplomatic contact with the Russian Federation Embassy in Buenos Aires seeking to resolve the problem."

"Early this afternoon," the communique concludes, "the captain of the Russian trawler reversed his decision and headed for the Bahia Blanca port, escorted by the two Coast Guard boats."

Brazil

Portuguese Ship Seized While Illegally Fishing

PY2002002893 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 19 Feb 93

[Text] A Portuguese ship, the Cabo Branco, was seized on 17 February near Fernando de Noronha Island. Its crew was illegally fishing in Brazilian territorial waters. It has been taken to Natal. The owner of the Cabo Branco may be fined up to 20 billion cruzeiros, the largest fine ever imposed by IBAMA [Brazilian Institute for the Environment and Renewable Natural Resources].

The catch—4.5 metric tons of swordfish, 70 metric tons of codfish, 4 metric tons of squid, 1 metric ton of tuna, and 700 kg of shark—was being unloaded today.

IBAMA Regional Superintendent (Rofran Ribeiro) has said that the fine to be imposed on the ship will range from 5 to 20 billion cruzeiros, the largest fine ever imposed by IBAMA.

The seized fish will be evaluated once the unloading of the ship is completed, probably tomorrow.

The ship, which is owned by (Antonio Goget Martinei), has a crew of 16 Spanish citizens.

Drug Trafficking Rise Blamed on Police Crisis

PY2202121893 Madrid EFE in Spanish 0149 GMT 19 Feb 93

[Text] Brasilia, 18 Feb (EFE)—Federal Police [PF] Director General Amauri Gaudino said today that the serious PF crisis, which began eight years ago, is one of the main reasons why Brazil is now the principal drug trafficking route for transporting South American cocaine to the United States and Europe.

During a meeting with regional PF directors, Gaudino asserted that the serious problems within the PF have impaired its drug enforcement efforts. Gaudino said that unless the level of PF personnel—which currently stands at 6,000—increases dramatically, the institution will disappear. Gaudino believes that the PF should have a minimum of 25,000 members.

He said that the PF has not hired any new personnel since 1984 and that this has resulted in a gradual loss of control along the Brazilian borders with Colombia, Peru, and Bolivia in the Amazon region where traffickers install their cocaine laboratories.

Gaudino added that the number of cocaine laboratories dismantled in the region has decreased every year and that the routes used to transport cocaine to the Atlantic coast are now less effectively controlled.

The Brazilian PF crisis has been causing concern in developed countries because Brazil has become the main route used for transporting South American cocaine to the United States and Europe.

Interview With INCRA Chairman Osvaldo Russo

PY2202200093 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Feb 93 p 15

[Interview with Osvaldo Russo de Acevedo, chairman of the National Institute of Land Reform and Settlement, INCRA, by O ESTADO journalist Bartolomeu Rodrigues; place and date not given]

[Excerpts] [Rodrigues] Is it possible for a communist to deal with land reform in a country with capitalist tradition?

[Russo] Deputy Roberto Freire was nominated as government leader in the Chamber of Deputies for his political capacity, democratic tradition, and commitment to Itamar Franco's administration. We both are members of the People's Socialist Party, PPS. My commitment has to do with seriousness, dialogue, and Itamar Franco's stability. Being a PPS member does not mean I will be subject to a single way of thinking, mainly because this model has been eradicated in the world. The ideas promoted by the PPS are not better than those of other parties. We are providing a small but decisive contribution to consolidate the pluralism that is supported by the entire society. [passage omitted]

[Rodrigues] Land reform has always been an explosive matter in Brazil. Do you think you will be able to reconcile the groups and bring peace to rural areas with this curriculum?

[Russo] President Itamar took power at a time of great hope. An atmosphere of appropriate political conditions prevailed for this to occur. A peaceful revolution originated in the world. Brazil no longer has to engage in old debates. In the same way, the reform we will try to promote must be different from the old one or from the old speeches that always have led to an impasse. At this time land reform cannot be implemented in an atmosphere of violence. Reform must be based on democratic order. I have confidence in the maturity of workers, who have endured sufferings and waited for a long time. I believe that producers do not support violence either. Reform must be made in keeping with the law and not by force. [passage omitted]

[Rodriguez] What should be expected after the approval by Congress of the law that regulates the constitutional articles on land reform?

[Russo] The guidelines of Itamar Franco's administration provide the need to promote land reform in compliance with the Brazilian reality. Land reforms have always created confrontations, disputes, and ideological antagonism. We are determined to end this situation. Land reform will have a legal basis and a thorough democratic purpose. The bill passed in Congress has contributed to overcoming the impasse that had prevailed since the Constituent Assembly took place. The legislative branch's example can be repeated at the time of implementing the reform by listening to all the involved parties, including the workers, who are the most affected, and the producers, who have the experience. But land reform does not only concern the countryside but the entire society. The current challenge is to promote peace in the rural areas. [passage omitted]

[Rodriguez] According to rural producers, the legal concept of productive land is rigorous and will be arbitrated by the agriculture minister. Does this mean the lands will run the risk of being expropriated, depending on the decision made by the agriculture minister?

[Russo] This is an erroneous interpretation. The law clearly outlines the general prerogatives. The small, medium, and productive lands are protected provided they comply with a social objective. As for productive land, the law also establishes the economic prerogatives on the level of productivity of the land and efficiency in its exploitation. They are concrete prerogatives. There is a tradition within Brazilian land law with respect to this matter. It does not even become an innovation, but these parameters will be somehow established on technical, transparent, and widespread criteria that will be subject to criticism by all sectors. According to the law, the productive rates will be submitted to the Political Agricultural Council, and the agriculture minister will listen to it.

[Russo] Does Itamar's administration have any expropriation program to be implemented in the two remaining years of his administration?

[Russo] We will work in accordance with our available financial resources. We will try to obtain the resources because land reform is a priority matter in the development project. We will show in practice the efficiency of the task conducted by the INCRA, and we will thus obtain the resources. INCRA and the entire society will be involved in the land reform. We have 100 settlements across the country that were abandoned under Collor's administration. We would like to have new settlements that will be more compatible with our operational capacity. All this will be included in the minimum program to be submitted to Agriculture Minister Lazaro Barbosa. We are not working on the basis of great expropriations or huge projects. We will implement feasible projects.

[Rodrigues] Will it be a slow or gradual reform?

[Russo] This reform will be made in keeping with the Brazilian reality.

Chile

German Defense Minister on Military Agreement

PY2302015093 Santiago Television Nacional de Chile Imagen Internacional in Spanish 2330 GMT 22 Feb 93

[Text] German Defense Minister Volker Ruehe has announced a military cooperation agreement in the security field between Germany and Chile. This cooperation agreement, however, does not include the sale of weapons.

Minister Ruehe lectured before a group of Chilean officers. During the lecture he referred to the role played by the German Armed Forces in the integration process with the rest of Europe. Ruehe referred to the difficulties that the merging of two armies, which in the past were full enemies, encountered. He also referred to the important role democracy plays in Chilean-German cooperation in the military field and recalled that the German Army is fully subordinate to the state and Parliament.

Later on, during a news conference, Defense Minister Ruehe referred to the bilateral agreement that provides for the training of Chilean officers in the German Armed Forces' University.

Concludes Visit

LD2302110393 Hamburg DPA in German 2345 GMT 22 Feb 93

[Excerpts] Santiago de Chile (DPA)—[Passage omitted] At the end of a four-day visit to Chile, German Defense Minister Volker Ruehe agreed with his counterpart Patricio Rojas on a "new phase of cooperation." During a discussion with officers, Ruehe said in reply to a question about the renascence of National Socialism in Germany, it exists "only among a few mad people." [passage omitted]

Ruehe is the first German defense minister to address Chilean officers. He pointed out that the Bundeswehr is subject to the primacy of politics and parliamentary control. The military dictatorship of General Augusto Pinochet lasted 17 years in Chile and did not end until 1989.

The Chilean Army is being radically restructured in Chile's new democracy. According to Ruehe, the Chilean Government is showing great interest in the main German principles of the "citizen in uniform" and "moral leadership." One of the officers believes that these principles developed by General Count Wolf Baudissin in setting up the Bundeswehr will break "with German military traditions."

In his reply, Ruehe stressed that the Bundeswehr was set up after World War II in a completely new spirit and was firmly "embedded" in the population. The German Armed Forces are proud of the traditions in the spirit of Colonel Stauffenberg, who tried to end Adolf Hitler's dictatorship. Addressing journalists, Ruehe strongly rejected Pinochet's claim from 1990 that the Bundeswehr is a "drugs, homosexual, and trade union army." Pinochet had said at the time that Baudissin was the "biggest traitor the German Armed Forces ever had." Ruehe described this remark as "absurd."

A Chilean journalist asked why Ruehe had not met Pinochet, who is still the chief of the Armed Forces and who is being held responsible for murders and abductions during his rule. It is a matter for the government to agree on interlocutors, Ruehe replied. Another reporter asked what he thought of Pinochet, who is not in Santiago at present. Ruehe said it is not his task to hand out marks. "I did that when I was a teacher," the minister replied. Ruehe said they did not discuss the Honecker case. Honecker has been in Santiago de Chile following his release on 15 January.

During his discussion with the officers, Ruehe gave information about the German-French Euro-corps and the future reduction in the numbers of U.S. troops in Europe to 100,000 men. The figure might even be slightly lower than that, Ruehe explained. NATO will support new peacekeeping and peacemaking tasks within the scope of the UN and the CSCE outside its territory. The formation of extremist right-wing groupings in Germany is connected to the asylum-seeker problem, Ruehe said. It must be resolved soon, he said at the news conference.

Paraguay

Executive Branch Wants To Delay Registration

PY2202214393 Asuncion ULTIMA HORA in Spanish 22 Feb 93 p 3

[Text] While the legislative branch decided this morning to give entry to the lemas draft bill through the Senate,

the executive branch announced that it will submit to Congress an amendment to the draft bill postponing the deadline for the registration of presidential hopefuls until 22 March.

The draft bill submitted to Congress last week did not mention this deadline that, according to the Electoral Code currently in force, expires on 6 March.

In the meantime, legislators have started to predict this draft bill might be rejected in view of the fact that even if the Senate—where the forces are very even—approves it, it might be rejected by the Chamber of Deputies. A total of 41 deputies are going to vote against the bill and only 22 in favor, while six still are undecided and one is planning to vote with a blank ballot.

[Justice and Labor Minister] Oscar Paciello, at Government House, said he was for the bill and also that "the great majority cannot be excluded from the election," and recalled that in 1922 "the country endured a civil war because the Liberal Party was unable to reach an agreement." He stated emphatically: "What do you want, a civil war or a democratic outcome?"

Ministers Hugo Estigarribia (Interior) and Oscar Paciello (justice and labor minister and considered one of the draft bill's promoters), together with Central Electoral Board chief Jose Luis Ibarra Llano, met President Andres Rodriguez this morning. After the meeting they disclosed their decision to submit the amendment to Congress. Paciello said: "The Electoral Board has voiced its concern over the difficulties that the sanctioning and promulgation of the lemas law would entail and, in view of this, we have discussed the possibility of adjusting the Electoral Boards's electoral timetable to the possible amendments to the Electoral Code."

Paciello said that "the draft bill is very clear and well written. Obviously, there are always nitpickers, like the ridiculous version I heard that everyone must show their registration slip to vote. This requirement is not stated in the draft bill." In this regard, the draft bill states that the elector has to prove his identity with his identity card but that "his right to vote" has to be proven with a registration document issued by the Electoral Court.

Commentary Analyzes Implications of Lemas Law

PY2002021293 Asuncion ULTIMA HORA in Spanish 19 Feb 93 p 12

[Commentary by Carlos Martini: "February the Other Way Around, an Authoritarian Coup"]

[Text] The transition began its most sensitive and uncertain phase late on Sunday 27 December. At the moment the Wasmosy-Seifart sector showed that it was unwilling to recognize the victory of the Argana-Ybanez ticket, the current political process entered a high risk phase. The strategists of the pro-Rodriguez sector of the Colorado Party made several efforts to obtain what they could not obtain at the ballot boxes, that is, to defeat the Argana sector, which under the circumstances allied itself with a major group of the Stroessnerist sector. Part of the Stroessnerist sector, however, has also joined the self-styled Wasmosyism.

The special party convention held last Sunday was one of the final efforts. The script was the same: a stalemate and the continuation of the crisis. Consensus tickets (Argana-Riquelme) were sought during the week. Meanwhile, each sector is trying to secure its own convention delegates. As the days pass, new surprises arrive.

The Constitution as a Secondary Problem

The last effort is the attempt to introduce the lemas electoral system law into the Electoral Code. If this attempt succeeds, it will be the much awaited coup. There will be no show of tanks on the streets, inflamed proclamations, Air Force planes flying at a low altitude, or a change of men at the Lopez Palace. Nothing of the sort. What will simply happen is that something secondary, the Constitution, will be violated. Up until a short time ago the Constitution could have been violated by postponing the elections scheduled for 9 May. After this possibility was apparently ruled out, especially because of U.S. pressure (the meeting between General Richard Timmons and 14 Paraguayan generals on 20 January, and Jon Glassman's repeated statements should be recalled in this regard), another equally perverse alternative has appeared: the violation of Article 230 of the Constitution, which clearly sets forth that the president and the vice president should be elected through direct vote and by a simple majority.

A Coup in the Making

If the lemas law is approved, the transition will be broken. General Andres Rodriguez, one of the main actors in this exercise of freedom, who—as we said in a previous article—has remade his biography in the four years of his term, will in a few hours have neutralized everything he did, thus becoming a minor cavalry general who frustrated his own work a few weeks before its successful completion. Consequently, we will have a February the other way around, led by the same person. If four years ago freedom was installed in February, the president can neutralize that action with an opposite, bloodless coup this February. Rodriguez and Stroessner would then once again appear side by side in the eyes of the international community. We should therefore not celebrate the elections on 9 May, but should prepare for General Stroessner's return on 4 May, after changing the name of the airport.

From Rodriguez to Stroessner, Through Rodriguez

If the lemas law is approved this transition will turn into an isolated period. The current president, after breaking with part of his past on 3 February 1989, will now return to it.

We are a few hours from the moment during which a choice will be made. Either the transition, or an illegal

maneuver disguising an antidemocratic coup. There is no other alternative. If the Constitution is violated, the democratic sectors of civil and political society should as soon as possible restore the current democratic conditions with the help of the international community.

Colorado Leader on Disadvantage of Lemas

PY2202145293 Asuncion NOTICIAS in Spanish 21 Feb 93 p 7

[Text] Engineer Carlos Romero Pereira, who will run for senator on Ticket No. 4 [of Argana-Ybanez], has said that if the lemas electoral system is approved, the Argana movement will automatically be eliminated because the party authorities will be empowered to disqualify it.

He emphasized that the opposition wrongly believes that the lemas electoral system specifically benefits the Colorado Party. "It will definitively harm the Colorado Party; the party will inevitably fall through it," he said.

He added: "If it is imposed, without the approval of a consensus and without public support, it will merely deepen the current disagreements between the rank-and-file and the party authorities."

Romero Pereira said: "It will result in terrible sectarianism, in which only the followers of a specific sector will participate in the winning intra-party ticket."

He added: "People will appear on other tickets to give the impression of a heterogeneous political picture; other tickets will be registered, but they will add absolutely nothing from a quantitative viewpoint. Yet the main sector of the party, which is our group, will be excluded. Our fellow party members can be absolutely sure of this."

Article Notes Consequences if Transition Fails

PY2202214793 Asuncion HOY in Spanish 21 Feb 93 p 14

[Article by Jose Luis Simon G: "Transformism in Politics and the Moral of the Deer"]

[Text] Most Paraguayan citizens suddenly have realized that the transition process seems to be following merely a path of "political transformism." Instead of making progress in consolidating democracy, with the "lemas electoral system"—if approved by Congress—we will confront maneuvers that will inevitably end in a neoauthoritarian model.

Paraguay thus will again experience the high cost of international political isolation similar to that being endured by the Haitian "banana republic" of General Raoul Cedras.

A few months ago, German Ambassador to Paraguay Heinz Sneppen was harshly criticized by the involuntarily "nazionalist" [nazionalista] that still resounds in the heart of many common people, when he publicly noted that if we wanted to attract investors and foreign assistance for domestic development, we first had to learn to negotiate with the world, that is, to adopt its usages and customs. Sneppen made these statements at a time when Government Palace refused to take the foreign debt seriously (a blow to the international financial agencies), and when Paraguayan authorities did not want to seriously enforce a treaty on the extradition of criminals signed with Germany, which tarnished Paraguayan-German relations.

On that occasion, Sneppen resorted to what we call the moral of the deer, which always has his "antenna" functioning to detect any dangerous irregularity around him in order to apply its main survival mechanism: Speed to flee from the danger.

Snepped was harshly criticized on that occasion for having said that "this is the way capital works." U.S. Ambassador Jon Glassman was recently criticized by [former Paraguayan President] J. Natalicio Gonzalez' disciples (who are members of all parties). In the past few months, Glassman time and again noted through all the available mass media the risk the dis.uption of the democratic transition process will represent for Paraguay. This disruption may be provoked (in the first place) by the "decaffeination" embodied by the antidemocratic lemas electoral system.

Remembering Stroessner, Castro, and Noriega

At this moment, it is important in Paraguay not only to comply with the transition's final schedule, which, of course, is very important, but to comply with the transition's philosophy and implicit and explicit tenets. This not only involves the executive branch, the ruling party, or any other party, and much less the civilian or military circles that seem determined to break all the local and international commitments advocated by President Andres Rodriguez on 3 February [1989, when the latter staged a coup to remove former President General Alfredo Stroessner].

Those who, under the cloak of power, advocate such a plan must remember that Stroessner succumbed when he went against the world's democratizing trends that were concerned about the uncontrollable surge in drug trafficking. This even cost Panama's former strongman a U.S. invasion. And the alleged revolutionary obsession of the Caribbean outdated totalitarian ["totalisaurio"] (Fidel Castro) is causing a serious situation of international isolation that surely is being endured by all the Cuban people.

We already have mentioned the current Haitian experience. Our country may experience any one of these "models" if Lopez Palace lends itself to antidemocratic maneuvers. We citizens and our institutions will be the first ones to pay the consequences of any new authoritarian whim. Nevertheless, in this 21st century world in which we are already living, there is no stability either for authoritarian models nor impunity for their masterminds and executors.

Editorial Criticizes Press in Current Situation

PY2202231593 Asuncion PATRIA in Spanish 22 Feb 93 p 6

[Editorial: "Fear of Freedom and Oppression by the Press"]

[Text] Fear of freedom is basically a psychological problem. Many excellent studies on this subject contend that man has a natural bent to seek shelter under the protective umbrella of a mightier power. It is this attitude of underestimating himself that unconsciously leads man to think poorly of himself and to seek to avoid at all costs the responsibility that freedom entails.

It is not the point here to make a profound study of this reference in a political commentary. But to be more precise let us say that man, generically, is never able to completely overcome during his vital lifespan his motherhood dependence, which according to some psychoanalysts is the prolonging of the umbilical cord's function. And this proves the perfectionist trend of the soul to return to its creator.

But it is known that this generalized characteristic found in every man has different levels due to the character of each individual and the circumstances of his life. In other words, the definition by Ortega [Jose Ortega y Gasset, Spanish philosopher] is explained here when he said man is himself and his circumstances.

There was a revolution here four years ago that placed the people at a different level from their previous relationship of dependence on the political power. With the installation of democracy, the Paraguayan people began to get used to a different situation by expressing their ideas through freedom of thought and expression that were restricted in the past.

But a new type of power has emerged, perhaps more dictatorial, a more powerful and totalitarian power than the previous one, that takes over the individual and collective will of the people in a terrifying manner. In fact, the power of the press, of the mass media, that burst with all its captivating and enchanting attraction became a decisive force even in the debates and the writing of the new Constitution.

With a less prevailing press, that is, as a fourth power and not as a first power (after some diplomatic representation, as ironically noted by many people), our Constitution would have been the result of a more balanced and reasonable study, with less passion, and above all with less direction from the will of so-called public opinion, which in reality is the expression of the will of a business sector with incredible power in society.

The press was an important factor in the liberation of the country from the oppressive regime it suffered under for many years. But instead of encouraging the development of democratization under the guarantee of the main people responsible for its liberation, the press surprisingly advocates the return of the dictatorship by giving full encouragement to its direct representatives: fear of freedom, insecurity, lack of autonomy, an inferiority complex, and the inability to face the challenge of self-determination.

For example, this mentality can be clearly observed in the groups that are adversaries in the Colorado Party, which are the ones that have the press' unconditional favor. Under any situation that occurs in the winding local political life, the first thing these adversaries do is raise their heads, waiting for the instructions the aforementioned diplomatic representative manages to deliver to them in one way or another.

In this regard, there was recently a paradoxical situation when a Colorado Party internal movement that calls itself autonomous and pretends to be autonomous from the national government went to the embassy—this attitude has also reached our party—to ask for instructions. But being autonomous should only be understood at the local level because at another level it looks like we are being tutored.

Now the lemas electoral system draft bill has been submitted. The executive branch submitted the bill with highly convincing reasons. But it was enough for an opposition leader—who has millions of dollars—to say the bill is a juridical coup to put the links between the bill's detractors in operation to exert the greatest possible pressure on legislators. Because if the draft bill is not approved, the elections will have to be held without the participation of Colorado Party candidates. Perhaps an election with only 20 percent of the people will seem democratic to the press, but the government bill has shown that the story about so-called unconstitutionality is nothing more than a ghost to frighten the weak.

Deputy Opposes Accord on Dictatorship Archives

PY2202195793 Asuncion Cerro Cora Sistema Nacional de Television Network in Spanish 1515 GMT 22 Feb 93

[Text] During a news conference this morning, members of the Human Rights Committee of the Chamber of Deputies categorically rejected a recent agreement signed by the Supreme Court of Justice and by the Office of the Attorney General of the U.S. Government. The agreement focuses on the microfilming of the horror archives; that is, the documents seized from the Asuncion Police Investigative Department and from the Technical Affairs Directorate.

Commenting on the agreement, Deputy Sandino Gil Oporto said: To entrust the documents of the Paraguayan Police to the U.S. Government is like letting the fox loose in the chicken house. He added: There is sound evidence that the United States cooperated with the Paraguayan political police. He noted that for $40,000 the United States wants to search through the documents, which now belong to the nation. He said:

[Begin Oporto recording] We believe the only way we can ensure that these valuable documents—which

belong to the entire Paraguayan people—are preserved is by promoting a massive mobilization of the people to defend them.

It is believed or suspected that some documents have already been removed from the archive. We believe that if this agreement is implemented without the supervision of Paraguayan organizations and institutions, many more documents could be removed and become unavailable for the people, who must have a clear idea as to how the dictatorship was set up.

These documents will also ultimately show that the Paraguayan people had to fight against forces that are far more powerful than just a native dictatorship that took control of the government. They will prove that in this endeavor, the dictatorship had the technical advice and logistical support of the world's leading power, which had its share of responsibility for the struggle that was waged by the Paraguayan people against the contemptible dictatorship. [end recording]

Colorado Delegate Reports Abduction Attempt

PY2202175493 Asuncion ABC COLOR in Spanish 21 Feb 93 p 4

[Text] Francisco Alvarenga, a Colorado Party convention delegate for the Argana-Ybanez ticket, yesterday reported an abduction or aggression attempt by a group of people, one of whom identified himself as an Armed Forces captain.

Alvarenga said that, prior to the party convention yesterday, he noted the presence of the supposed captain carrying a briefcase under his arm—presumably containing arms—who left hurriedly when he realized that the delegate had spotted him.

Alvarenga said that the incident occurred on Friday, in the vicinity of the party executive board building. He said that after leaving the building, the supposed captain reprimanded him and threatened to kill him because he "criticized the Armed Forces." He said that he evaded a blow and was approached by two unidentified people who apparently got out of a van.

Alvarenga said that these unidentified men also shouted that they would kill him for the same reasons. The Colorado leader said that he escaped and reached his car between the vehicles that were waiting at the traffic lights. He added that several passers by witnessed the incident.

Alvarenga said that he reported the incident to the lawyers of the Argana-Ybanez ticket, who are now trying to identify those involved in order to file a lawsuit.

He said that in his speeches he usually emphasizes that the independence of institutions should be respected, that the will of the Colorado people—which was expressed in the ballot boxes on 27 December—should be respected, and that he never criticized the Armed Forces.

Journalists yesterday tried to learn about the alleged abduction attempt, but were unable to obtain more details, except for confirmation of the incident by some of Alvarenga's friends.

Peru

De La Puente Acknowledges Human Rights

PA2202205293 Lima Radio Programas del Peru Network in Spanish 1700 GMT 22 Feb 93

[Text] Oscar de la Puente Raygada, president of the Council of Ministers, said at the UN Human Rights Commission meeting in Geneva that Peru is no longer an ungovernable country. Peru has entered an era in which the government will not allow violations of human rights, De la Puente added.

De la Puente stressed that the government is fully convinced that the legality of its actions against terrorism does not exempt it from its human rights responsibilities, but it will not allow terrorist crimes to go unpunished because the civilized defense of Peruvian society demands otherwise.

De la Puente announced that the Peruvian Government will invite the Inter-American Human Rights Commission to visit Peru. He stressed that the Peruvian president wants to establish the foundation of a modern, prosperous, and democratic society as of 1993.

Article Views 'Irreplaceable Culture' of Coca

PY1902132593

[Editorial Report] Lima EXPRESO in Spanish on 7 February publishes on page A10 a 1,250-word article, the third in a series of articles on coca, by Luis Guillermo Novoa entitled "Coca Report—A Single Crop in the Upper Jungle" on the reasons why coca is, "for the time being, an almost irreplaceable culture" in the Upper Huallaga region. The author notes that many aspects pertaining to coca are widely known and have been discussed at length. By way of example, he cites the political and economic implications of narcoterrorism, Peruvians' frustration with the failure of interdiction and crop substitution policies, and the presence of the Shining Path and the Tupac Amaru Revolutionary Movement in the Amazon forest. But, he points out, much remains to be said about the agricultural characteristics of coca culture, which is a peculiarity of the Huallaga region.

Novoa explains that the subspecies grown in the Huallaga region, which is called erythroxylon coca CV fusiforme, contains a higher percentage of alkaloids than other varieties of coca. One hundred grams of coca leaves contain 0.98 grams of alkaloids in the variety grown in the Huallaga region while the novogranatense variety grown in Huanuco and La Libertad contains only 0.65 grams.

Novoa states that the Upper Huallaga region is "irreplaceable" because the variety of coca grown there has a higher yield—"ranging between 50 and 70 percent higher"—and is more cost-effective than the varieties grown elsewhere. The author underscores the fact that "this is a most significant consideration to bear in mind in any coca eradication policy."

The article comments that what is said about the towns of Tocache and Uchiza, located in San Martin Department, namely that coca plantations are disappearing due to the devastating effect of a fungus—fusarium oxysporum—"inoculated" by agents from the DEA and the Upper Huallaga Coca Control and Reduction Agency is "a half-truth." The author says these reports "have been fabricated by those who wish the government to shift its attention from the Huallaga region to the aforementioned towns and thus abandon interdiction."

Novoa further states that the fungus only attacks old plants growing in poor soil. He says he has seen for himself that right next to a farm severely hit by the deadly fungus, there is a new and flourishing farm. The former has a yield of 10 bushels of coca per harvest—there are at least four harvests a year, whereas the latter has a yield of 40 bushels per harvest.

Novoa reaches the conclusion that the area devoted to coca cultivation is equal to or even larger than before because coca growers have moved to other areas such as the valley of the Biabo River, Sisa, Ponaza, Aguaytia, the Monzon valley, and Tingo Maria. The author notes that the coca culture is so widespread in San Martin Department that "it is becoming a monoculture." Proof of it, the author says, is that nowadays it is no longer considered a wrongdoing to own a farm where coca is cultivated. The author adds that it is something natural on account of the widespread agricultural crisis, which makes any other crop less cost-effective.

Novoa states that the government should encourage rice culture because it is not possible to cultivate coca in areas devoted to rice because they are "submerged lands."

The author concludes that the government should tackle the crop substitution program in a responsible way and not as a political tool to win over foreign countries, especially the United States.

Coca Production, Growers Income

PY1902214093 Lima EXPRESO in Spanish 8 Feb 93 p A9

[Article by Luis Guillermo Novoa Soto]

[Excerpt] [Passage omitted] The coca empire which, in the central jungle region alone totals more than 1.2 million hectares, represents a production of $2.3 billion per year in basic coca paste (PBC).

Coca leaves yield a yearly income of just $2,300 per hectare. This is very low as compared with prices in 1978-1980 when they were three times as high. With the assistance and collaboration of the Shining Path, farmers now process their own coca to increase their income.

Using the minimum production obtained in Tocache to make the calculations as conservative as possible, 1 hectare producing 2,000 kg of coca leaves yields 20 kg of basic coca paste after a process that involves maceration with sulfuric acid and precipitation with potassium permanganate, sodium carbonate, and a mixture of kerosene and water.

This product, PBC, still has many impurities and is sold for $500 per kilogram. So, 20 kg of PBC per harvested hectare equals about $10,000 per hectare per year. The added value for this operation is at least $7,250, or roughly the gross income for farmers who just grow coca. We will use this in our calculations.

The Corah [Upper Huallaga Coca Control and Reduction Agency] report states that the average cultivated area per family is currently 1.5 hectares. So, PBC represents an income of at least $10,875 per family per year.

It can be easily noted that new coca plantations, yielding 4,500 kg per hectare, will produce an income of $24,400 per family. How much of this amount does the Shining Path and the establishment [preceding word in English] (government officials, judges, policemen, airline companies, etc.) get? We don't know.

We may assume that, with so many partners, farmers collect at about $5,958 per hectare. For 1.5 hectares, this would represent $8,936 per family per year.

In practice, as we shall see later, "many clever people" live on this income.

In the central jungle area alone (230,000 hectares of coca plantations) the coca business represents $1.667 billion per year in net added value and $632 million in payments for contracted components and production services. This calculation includes at least 2 million liters of Grammoxone, a very effective herbicide to control weeds without damaging the coca plants ($20 million). We also include at least 95 million liters of sulfuric acid, permanganate, sodium carbonate, and kerosene.

Throughout the country the 300,000 hectares of coca represent a total of $3 billion in marketed PBC and a net added value of $2.175 billion per year.

The treatment of the PBC impurities, as a prior step to the processing of pure cocaine as hydrochloride—a step that is mostly carried out in Colombia—involves the production of "washed coca paste," which is also carried out in the central jungle area. This operation is not carried out by the coca growers but by the drug "industrialists" or "capitalists" themselves.

This process requires more complex installations, including increasingly sophisticated filter, centrifuge, and drier equipment. This represents an industry with

quality laboratory installations, water-tight packaging, sealing, weighing, and packing.

Growers' Costs, Profits

PY2002121893 Lima EXPRESO in Spanish 9 Feb 93 p A11

[Report by Luis G. Novoa Soto; all figures as published]

[Text] On 8 February we stated that the annual income of a coca-growing family that processes and sells cocaine paste amounts to $10,000 for each hectare, considering that each hectare yields 20 kg of cocaine paste worth $500 per kilogram. We have found out that the Shining Path has encouraged coca growers to process cocaine as a way to compensate for the drop in coca leaf prices.

Corah [Upper Huallaga Coca Control and Reduction Agency] personnel have stated that the number of laboratories processing cocaine is going up. It is easy to identify the maceration pits and the facilities to process cocaine from the air. We estimate that 3,600 metric tons of cocaine paste are obtained from the central jungle area, that is, from the 230,000 hectares we mentioned. This volume yields $2.3 billion that is paid by Colombian drug traffickers at various clandestine airfields scattered in the area.

This total amount is distributed as follows:

There are $835 million earmarked for coca leaf, $1.058 billion for cocaine paste, and $407 million for the right to flights and other additional payments that include chemicals and suppliers.

This means that approximately $207 million is distributed among the suppliers of fertilizers, gramoxone, and chemicals like kerosene, calcium carbonate, sulfuric acid, and potassium permanganate. The remainder is used to pay various commissions to other people, including the substantial amount assigned to the Shining Path.

It is clear that payments made to other people or commissions given to employees and policemen total approximately $107 million a year in the central jungle area. Coca production in Jaen, Bagua, and Quillabamba are not intended for Colombia, and its total value amounts to $700 million distributed in the same way as the aforementioned proportions.

These are the portions assigned to Peru because the great cake is shared by the Colombian democrats who turn the 4,600 metric tons of cocaine paste into 1,540 metric tons of cocaine hydrochloride. One kg of cocaine hydrochloride, including CIF [cost, insurance, and freight] at a U.S. port, costs $19,000, which represents $29 million per year. This means that a hectare of coca leaf produced in Peru yields cocaine hydrochloride worth $126,000.

If the net value of the product in Peru amounts to $10,000 per hectare, this means that it earns only a 7.9-percent profit, while Colombia gets 92.1 percent. The other part of the story begins in U.S. ports, because cocaine becomes a street business that involves $100 billion, on account of and for the benefit of the Americans themselves. This kind of coca trade becomes a business for Colombians and North Americans rather than for Peruvians. However, one seeks to emphasize the matter of interdiction in Peru. The Peruvian state alone has unsuccessfully settled the actions to control drug trafficking and terrorism, two scourges that have been associated with defending part of the cocaine trade, which is regarded as the great transnational business.

Need To Review Drug Policy

PY2002010193 Lima EXPRESO in Spanish 10 Feb 93 p A22

[Editorial: "To Sign a New Drug Enforcement Agreement"]

[Text] The forceful reports EXPRESO has been publishing on the real activities of the coca growers and traffickers in the Huallaga Valley and in the central jungle region lead us to conclude that coca cultivation has expanded so much in the past few years, and the value-added activities (coca paste processing) have reached such a high level, that a new anti-drug agreement with the United States is required. This time, however, we need a realistic one.

We are not saying that the current agreement, which includes the so-called "Fujimori Doctrine," is wrong. On the contrary, it holds the key to solving the problem. What has happened, however, is that it has never been properly implemented. There were neither the plans, the funding, nor the organization to carry it out. There was no sincerity, either. The U.S. Government never assimilated the alternative development idea, which seemed to be an imposed idea, although they could not reject it because it was intelligently proposed. The U.S. Government did not provide additional funding for its implementation, either.

Another reason for the failure is that the Peruvian Government dismissed Hernando de Soto, and with him the focus and continuity of the program. As a result, the little progress made returned to the zero mark after 5 April 1992.

Things have nevertheless now changed in Peru and in the United States. Although still being closely watched, democracy has been restored in Peru, and the drug enforcement plans seem more decisive. Peru is now prepared to define a drug enforcement policy. There is a new administration in the United States. It is true that Clinton's energies are focused on democracy, human rights, and on his decision to earmark government expenses for domestic projects. The "Fujimori Doctrine," however, was not appealing to the United States, because its ideology is generally more along the lines of the Democrats than that of the Republicans.

This is the moment, therefore, to sit down to discuss "a framework agreement." It is the moment to sit down to jointly define a common policy in which the parties really believe, and which they want to jointly implement. It is very important that the two countries speak the same language, understand each other, and plan a common, shared strategy. This is the only way of ensuring the successful implementation of the policy, and of making it more than a bureaucratic answer or a saving of face or of conscience, saying that we are seeking to solve the problem when we know very well that the coca business is growing quickly, year after year.

This is proven in engineer Novoa Soto and journalist Liz Mineo's reports, which we have been publishing in EXPRESO. Novoa estimates, based on data already checked on, that Peruvian coca and coca paste production yield more than $3.5 billion of the revenues remaining in the country.

Drug trafficking continues to grow, and is becoming a serious threat to national and international security, partly due to the presence of the "Shining Path" as both partner and administrator of part of the cocaine business.

The positive results of the Peruvian Air Force interdiction efforts have not been, until now, matched by U.S. economic and military support. Nowadays, however, Peru has positive results to show, and some moral authority, to demand that the other party do its share.

Undoubtedly, much greater funding and well-developed plans are required in order to achieve substantial results against an illness that is turning into an authentic cancer.

Hints at Nuclear Development Talks With Chile

PY2002120793 Lima EL COMERCIO in Spanish 8 Feb 93 p A4

[Report by special correspondent Andrea Castillo Calderon]

[Text] Lobitos, 7 Feb—Nicolas de Bari Hermoza Rios, president of the Armed Forces Joint Command, said here that national security factors are also taken into account in the process of privatizing Peruvian state-run enterprises, in order to prevent the predominance of foreign capital, especially if it comes from a single country.

Asked about the implications of Chilean entrepreneurs' remarkable interest in buying several public service companies like the Peruvian Telephone Company, Sedapal [National Potable Water and Sewage Service], and Electro-Lima, the military chief replied that "while Peruvian state capital holds the majority stock of the enterprises there will be no national security problems."

"President Alberto Fujimori considers privatization from a practical viewpoint and, in his capacity as the Armed Forces' supreme commander, he also considers the national defense," he said.

After arriving at this town, 20 minutes from Talara by car—where he dedicated the Plaza de los Heroes square and delivered 80 land ownership certificates to fishermen—Hermoza Rios referred to the significance of the agreements signed recently by Peru and Chile on the Treaty and Protocol of 1929, which established Chilean sovereignty over the port of Arica and Peruvian sovereignty over the city of Tacna.

In this regard, he said that our country and Chile have promoted their relations in the political and military areas, and in the area of foreign relations, "and this has permitted the two nations to hold a series of talks that are vital to them."

He said one of the issues to be addressed might deal with Chile's development of nuclear energy.

He said Latin American countries, especially Argentina, Brazil, and Chile, are making efforts to develop the industrial applications of nuclear energy.

He noted, however, that if nuclear development is sought within the defense area, huge investments will be needed. Without giving more details, he said: "Everything is being done within the terms of international treaties, which Peru and Chile deeply respect."

Privatization of National Railway Announced

Y1902204893 Lima EXPRESO in Spanish 8 Feb 93 p A3

[Excerpt] Arequipa—President Alberto Fujimori reported on 7 February that Enaferperu [National Railway Enterprise] will be privatized.

The decision to privatize the railway service was reported during Fujimori's visit to Arequipa, during his tour of several cities in southern Peru over the weekend.

In the next few hours the Commission for the Promotion of Private Investment will report on the details of Enaferperu's privatization.

President Fujimori explained, however, that before the privatization 12 locomotives would be delivered to Enafer's general directorate to improve the quality of the services being rendered to the southern region of the country. The locomotives will be donated by the Japanese Government.

In the company of Presidency Minister Absalon Vazquez Villanueva, President Fujimori visited the La Tonilla potable water plant in Cayma District. He then visited the site where the San Agustin University stadium is being constructed. [passage omitted]